

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 2337

1.2 A bill for an act
1.3 relating to financing of state and local government; making changes to individual
1.4 income, corporate franchise, property, sales and use, mineral, liquor, aggregate
1.5 materials, local, and other taxes and tax-related provisions; changing and
1.6 providing income and franchise tax credits, exemptions, and deductions;
1.7 providing for taxation of foreign operating companies; providing a corporate tax
1.8 benefit transfer program; changing certain mining tax rates and allocation of tax
1.9 proceeds; changing property tax interest, credits, and exemptions, and providing
1.10 for use of a local levy; phasing out the state general levy; modifying the renter
1.11 property tax refund and providing a supplemental targeting refund; modifying
1.12 city aid payments; modifying tax increment financing district requirements;
1.13 authorizing, changing, and extending tax increment financing districts in certain
1.14 local governments; changing sales and use tax payment requirements and
1.15 changing and providing exemptions; modifying use of revenues and authorizing
1.16 extension of certain sales and lodging taxes for certain cities; changing liquor tax
1.17 reporting and credits; allocating funds to border city enterprise zones; authorizing
1.18 certain local governments to issue public debt; establishing a truth in taxation
1.19 task force; establishing a tax reform action committee; establishing a greater
1.20 Minnesota internship program; requiring reports; requiring a funds transfer
1.21 appropriating money; amending Minnesota Statutes 2010, sections 116J.8737,
1.22 subdivisions 5, 8, by adding a subdivision; 273.113; 275.025, subdivisions 1,
1.23 2, 4; 279.03, subdivisions 1a, 2; 289A.08, subdivision 3; 289A.20, subdivision
1.24 4; 290.01, subdivisions 19d, 29; 290.06, by adding subdivisions; 290.068,
1.25 subdivision 1; 290.17, subdivision 4; 290.21, subdivision 4; 290A.04,
1.26 subdivision 2a, by adding a subdivision; 290A.23, subdivision 1; 290B.07;
1.27 290B.08, subdivision 2; 297A.68, subdivision 5; 297A.70, subdivision 4, by
1.28 adding a subdivision; 297A.8155; 297G.04, subdivision 2; 298.018, subdivision
1.29 1; 298.28, subdivision 4; 298.75, by adding a subdivision; 469.169, by adding
1.30 a subdivision; 477A.011, subdivision 36; 477A.013, by adding a subdivision;
1.31 Minnesota Statutes 2011 Supplement, sections 116J.8737, subdivisions 1, 2;
1.32 290.01, subdivision 19c; 290A.03, subdivisions 11, 13; 290A.04, subdivision
1.33 4; 298.01, subdivision 3; 298.015, subdivision 1; 298.28, subdivision 2;
1.34 469.176, subdivisions 4c, 4m; 469.1763, subdivision 2; 477A.013, subdivision
1.35 9; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1988,
1.36 chapter 645, section 3, as amended; Laws 1998, chapter 389, article 8, section
1.37 43, subdivision 3, as amended; Laws 2002, chapter 377, article 3, section 25,
1.38 as amended; Laws 2003, chapter 127, article 12, section 28; Laws 2005, First
1.39 Special Session chapter 3, article 5, section 37, subdivisions 2, 4; Laws 2008,
1.40 chapter 366, article 5, section 34, as amended; article 7, section 19, subdivision
1.41 3, as amended; Laws 2010, chapter 389, article 1, section 12; proposing coding
1.42 for new law in Minnesota Statutes, chapters 116J; 136A; repealing Minnesota
1.43 Statutes 2010, section 290.0921, subdivision 7; Minnesota Statutes 2011

2.1 Supplement, section 289A.60, subdivision 31; Laws 2009, chapter 88, article 4,
2.2 section 23, as amended.

2.3 April 30, 2012

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

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

2.8 We, the undersigned conferees for H. F. No. 2337 report that we have agreed upon
2.9 the items in dispute and recommend as follows:

2.10 That the Senate recede from its amendments and that H. F. No. 2337 be further
2.11 amended as follows:

2.12 Delete everything after the enacting clause and insert:

2.13 **"ARTICLE 1**

2.14 **PROPERTY TAXES**

2.15 Section 1. Minnesota Statutes 2010, section 6.91, subdivision 2, is amended to read:

2.16 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in
2.17 the standard measures program for 2011 is: (1) eligible for per capita reimbursement of
2.18 \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt
2.19 from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits
2.20 are in effect.

2.21 (b) Any county or city that elects to participate in the standard measures program
2.22 for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed
2.23 \$25,000 for any government entity, provided that for 2012, a county or city with a
2.24 population over 5,000 must also participate in the expenditure-type reporting under section
2.25 471.703 in order to be eligible. Any jurisdiction participating in the comprehensive
2.26 performance measurement program is exempt from levy limits under sections 275.70 to
2.27 275.74 for taxes payable in 2013 if levy limits are in effect.

2.28 (c) Any county or city that elects to participate in the standard measures program for
2.29 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita,
2.30 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in
2.31 the comprehensive performance measurement program for 2013 or any year thereafter is
2.32 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following
2.33 year, if levy limits are in effect.

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

2.35 Sec. 2. Minnesota Statutes 2010, section 273.113, is amended to read:

3.1 **273.113 TAX CREDIT FOR PROPERTY IN ~~PROPOSED~~ BOVINE**
3.2 **TUBERCULOSIS ~~MODIFIED-ACCREDITED~~ MANAGEMENT ZONE.**

3.3 Subdivision 1. **Definitions.** For the purposes of this section, the following terms
3.4 have the meanings given to them:

3.5 (1) "bovine tuberculosis ~~modified-accredited~~ management zone" means the ~~modified~~
3.6 ~~accredited~~ management zone designated by the Board of Animal Health under section
3.7 35.244;

3.8 (2) "located within" means that the herd is kept in the area for at least a part of
3.9 calendar year 2006, 2007, or 2008; and

3.10 (3) "animal" means cattle, bison, goats, and farmed cervidae.

3.11 Subd. 2. **Eligibility; amount of credit.** Agricultural and rural vacant land classified
3.12 under section 273.13, subdivision 23, located within a bovine tuberculosis ~~modified~~
3.13 ~~accredited~~ management zone is eligible for a property tax credit equal to ~~the greater of: (1)~~
3.14 ~~\$5 per acre on the first 160 acres of the property where the herd had been located; or (2) an~~
3.15 ~~amount equal to \$5 per acre times five acres times the highest number of animals tested~~
3.16 ~~on the property for bovine tuberculosis in a whole-herd test as reported by the Board of~~
3.17 ~~Animal Health in 2006, 2007, or 2008~~ the amount of credit received under this section for
3.18 taxes payable in 2011. The amount of the credit cannot exceed the property tax payable on
3.19 the property where the herd had been located, excluding any tax attributable to residential
3.20 structures. ~~To begin to~~ qualify for the tax credit for taxes payable in 2012, the owner shall
3.21 file an application with the county by ~~December 1 of the levy year~~ July 1, 2012. For
3.22 taxes payable in 2012, the credit shall be paid as a direct payment to the property owner,
3.23 issued by the county within 30 days of receipt of the application, provided that there are
3.24 no delinquent taxes on the property. The credit must be given for each subsequent taxes
3.25 payable year until the credit terminates under subdivision 4. For taxes payable in 2013
3.26 and thereafter, the assessor shall indicate the amount of the property tax reduction on the
3.27 property tax statement of each taxpayer receiving a credit under this section. For taxes
3.28 payable in 2013 and thereafter, the credit paid pursuant to this section shall be deducted
3.29 from the tax due on the property as provided in section 273.1393.

3.30 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the
3.31 commissioner of revenue, as part of the abstracts of tax lists required to be filed with the
3.32 commissioner under section 275.29, the amount of tax lost to the county from the property
3.33 tax credit under subdivision 2, except that for taxes payable in 2012 only, the county shall
3.34 submit the credit amounts to the commissioner of revenue in a separate report, in a form
3.35 prescribed by the commissioner, prior to August 15, 2012. Any prior year adjustments
3.36 must also be certified in the abstracts of tax lists. The commissioner of revenue shall

4.1 review the certifications to determine their accuracy. The commissioner may make the
4.2 changes in the certification that are considered necessary or return a certification to the
4.3 county auditor for corrections. The commissioner shall reimburse each taxing district,
4.4 other than school districts, for the taxes lost. The payments must be made at the time
4.5 provided in section 473H.10 for payment to taxing jurisdictions in the same proportion
4.6 that the ad valorem tax is distributed, except that for taxes payable in 2012 the entire
4.7 reimbursement must be made to the county. Reimbursements to school districts must be
4.8 made as provided in section 273.1392. The amount necessary to make the reimbursements
4.9 under this section is annually appropriated from the general fund to the commissioner of
4.10 revenue.

4.11 Subd. 4. **Termination of credit.** The credits provided under this section cease to
4.12 be available beginning with taxes payable in the year following the date when the Board
4.13 of Animal Health notifies the commissioner of revenue in writing that the board has
4.14 certified that the state is free of discontinued all required bovine tuberculosis related
4.15 activities within the bovine tuberculosis management zone.

4.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
4.17 thereafter.

4.18 Sec. 3. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

4.19 Subdivision 1. **Levy amount.** The state general levy is levied against
4.20 commercial-industrial property and seasonal residential recreational property, as defined in
4.21 this section. The state general levy ~~base amount~~ is ~~\$592,000,000~~ \$817,423,000 for taxes
4.22 payable in ~~2002~~ 2013 and thereafter. ~~For taxes payable in subsequent years, the levy base~~
4.23 ~~amount is increased each year by multiplying the levy base amount for the prior year by~~
4.24 ~~the sum of one plus the rate of increase, if any, in the implicit price deflator for government~~
4.25 ~~consumption expenditures and gross investment for state and local governments prepared~~
4.26 ~~by the Bureau of Economic Analysts of the United States Department of Commerce for~~
4.27 ~~the 12-month period ending March 31 of the year prior to the year the taxes are payable.~~
4.28 The tax under this section is not treated as a local tax rate under section 469.177 and is not
4.29 the levy of a governmental unit under chapters 276A and 473F.

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

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

- 5.1 (2) an erroneous calculation by the commissioner; and
- 5.2 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
- 5.3 residential recreational property reported on the abstracts of tax lists submitted under
- 5.4 section 275.29 that was not reported on the abstracts of assessment submitted under
- 5.5 section 270C.89 for the same year.

5.6 The commissioner may, but need not, make adjustments if the total difference in the tax

5.7 levied for the year would be less than \$100,000.

5.8 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and

5.9 thereafter.

5.10 Sec. 4. Minnesota Statutes 2010, section 275.065, subdivision 1, is amended to read:

5.11 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the

5.12 contrary, on or before September 15, each taxing authority, other than a school district,

5.13 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in

5.14 the case of a town, the final property tax levy for taxes payable in the following year. All

5.15 counties with a population of more than 5,000 and home rule charter or statutory cities

5.16 with a population of more than 5,000, shall also provide to the county auditor the county

5.17 or city Web site, if there is one, where the public is able to access the budget information

5.18 required to be reported under section 471.703.

5.19 (b) On or before September 30, each school district that has not mutually agreed

5.20 with its home county to extend this date shall certify to the county auditor the proposed

5.21 property tax levy for taxes payable in the following year. Each school district that has

5.22 agreed with its home county to delay the certification of its proposed property tax levy

5.23 must certify its proposed property tax levy for the following year no later than October

5.24 7. The school district shall certify the proposed levy as:

5.25 (1) a specific dollar amount by school district fund, broken down between

5.26 voter-approved and non-voter-approved levies and between referendum market value

5.27 and tax capacity levies; or

5.28 (2) the maximum levy limitation certified by the commissioner of education

5.29 according to section 126C.48, subdivision 1.

5.30 (c) If the board of estimate and taxation or any similar board that establishes

5.31 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum

5.32 property tax levies for funds under its jurisdiction by charter to the county auditor by

5.33 September 15, the city shall be deemed to have certified its levies for those taxing

5.34 jurisdictions.

6.1 (d) For purposes of this section, "taxing authority" includes all home rule and
6.2 statutory cities, towns, counties, school districts, and special taxing districts as defined
6.3 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
6.4 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
6.5 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
6.6 districts for purposes of this section.

6.7 (e) At the meeting at which the taxing authority, other than a town, adopts its
6.8 proposed tax levy under paragraph (a) or (b), the taxing authority shall announce the
6.9 time and place of its subsequent regularly scheduled meetings at which the budget and
6.10 levy will be discussed and at which the public will be allowed to speak. ~~The time and
6.11 place of those meetings~~ The following information must be included in the proceedings
6.12 or summary of proceedings published in the official newspaper of the taxing authority
6.13 under section 123B.09, 375.12, or 412.191:

- 6.14 (1) the time and place of the meetings described in this paragraph; and
6.15 (2) a statement that the budget information required to be reported under section
6.16 471.703 is available on the county or city Web site, if there is one.

6.17 **EFFECTIVE DATE.** This section is effective July 1, 2012.

6.18 Sec. 5. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

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

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

6.26 (c) The notice must inform taxpayers that it contains the amount of property taxes
6.27 each taxing authority proposes to collect for taxes payable the following year. In the
6.28 case of a town, or in the case of the state general tax, the final tax amount will be its
6.29 proposed tax. The notice must clearly state for each city that has a population over 500,
6.30 county, school district, regional library authority established under section 134.201, and
6.31 metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting
6.32 for each taxing authority in which the budget and levy will be discussed and public input
6.33 allowed, prior to the final budget and levy determination. The notice must clearly state
6.34 for each county with a population of more than 5,000 and for each city with a population
6.35 of more than 5,000 that the budget information required to be reported under section

7.1 471.703 is available on the county or city Web site, if there is one. The taxing authorities
7.2 must provide the county auditor with the information to be included in the notice on or
7.3 before the time it certifies its proposed levy under subdivision 1. The public must be
7.4 allowed to speak at that meeting, which must occur after November 24 and must not be
7.5 held before 6:00 p.m. It must provide a telephone number for the taxing authority that
7.6 taxpayers may call if they have questions related to the notice and an address where
7.7 comments will be received by mail, except that no notice required under this section
7.8 shall be interpreted as requiring the printing of a personal telephone number or address
7.9 as the contact information for a taxing authority. If a taxing authority does not maintain
7.10 public offices where telephone calls can be received by the authority, the authority may
7.11 inform the county of the lack of a public telephone number and the county shall not list a
7.12 telephone number for that taxing authority.

7.13 (d) The notice must state for each parcel:

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

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

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

7.25 (ii) the proposed tax amount.

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

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

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

8.8 (3) the increase or decrease between the total taxes payable in the current year and
8.9 the total proposed taxes, expressed as a percentage.

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

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

8.15 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

9.11 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
9.12 473.446, 473.521, 473.547, or 473.834;

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

9.15 (3) Metropolitan Mosquito Control Commission under section 473.711.

9.16 For purposes of this section, any levies made by the regional rail authorities in the
9.17 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
9.18 398A shall be included with the appropriate county's levy.

9.19 (j) The governing body of a county, city, or school district may, with the consent
9.20 of the county board, include supplemental information with the statement of proposed
9.21 property taxes about the impact of state aid increases or decreases on property tax
9.22 increases or decreases and on the level of services provided in the affected jurisdiction.
9.23 This supplemental information may include information for the following year, the current
9.24 year, and for as many consecutive preceding years as deemed appropriate by the governing
9.25 body of the county, city, or school district. It may include only information regarding:

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

9.28 (2) population growth and decline;

9.29 (3) state or federal government action; and

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

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

9.36 **EFFECTIVE DATE.** This section is effective July 1, 2012.

10.1 Sec. 6. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

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

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

10.9 (c) The notice must inform taxpayers that it contains the amount of property taxes
10.10 each taxing authority proposes to collect for taxes payable the following year. In the
10.11 case of a town, or in the case of the state general tax, the final tax amount will be its
10.12 proposed tax. ~~The notice must clearly state~~ For each city that has a population over 500,
10.13 county, school district, regional library authority established under section 134.201, and
10.14 metropolitan taxing districts as defined in paragraph (i), the notice must state the time and
10.15 place of a meeting for each taxing authority in which the budget and levy will be discussed
10.16 and public input allowed, prior to the final budget and levy determination. For each special
10.17 taxing district, the notice must: (1) list separately any levy by a special taxing district that
10.18 exceeds 25 percent of the total of all special taxing district levies; and (2) provide county
10.19 government contact information where additional information may be obtained for each
10.20 special taxing district. The taxing authorities must provide the county auditor with the
10.21 information to be included in the notice on or before the time it certifies its proposed
10.22 levy under subdivision 1. The public must be allowed to speak at that meeting, which
10.23 must occur after November 24 and must not be held before 6:00 p.m. It must provide a
10.24 telephone number for the taxing authority that taxpayers may call if they have questions
10.25 related to the notice and an address where comments will be received by mail, except that
10.26 no notice required under this section shall be interpreted as requiring the printing of a
10.27 personal telephone number or address as the contact information for a taxing authority. If
10.28 a taxing authority does not maintain public offices where telephone calls can be received
10.29 by the authority, the authority may inform the county of the lack of a public telephone
10.30 number and the county shall not list a telephone number for that taxing authority.

10.31 (d) The notice must state for each parcel:

10.32 (1) the market value of the property as determined under section 273.11, and used
10.33 for computing property taxes payable in the following year and for taxes payable in the
10.34 current year as each appears in the records of the county assessor on November 1 of the
10.35 current year; and, in the case of residential property, whether the property is classified as

11.1 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
11.2 which the market values apply and that the values are final values;

11.3 (2) the items listed below, shown separately by county, city or town, and state
11.4 general tax, net of the ~~residential and~~ agricultural homestead credit under section
11.5 273.1384, voter approved school levy, other local school levy, and ~~the sum of the each~~
11.6 special taxing ~~districts~~ district, provided that the levies of all special taxing districts whose
11.7 levies do not exceed 25 percent of the total amount of all special taxing district levies may
11.8 be aggregated, and as a total of for all taxing authorities:

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

11.10 (ii) the proposed tax amount.

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

11.14 In the case of a town or the state general tax, the final tax shall also be its proposed
11.15 tax unless the town changes its levy at a special town meeting under section 365.52. If a
11.16 school district has certified under section 126C.17, subdivision 9, that a referendum will
11.17 be held in the school district at the November general election, the county auditor must
11.18 note next to the school district's proposed amount that a referendum is pending and that, if
11.19 approved by the voters, the tax amount may be higher than shown on the notice. In the
11.20 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
11.21 listed separately from the remaining amount of the city's levy. In the case of the city of
11.22 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
11.23 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
11.24 under section 134.07 may be listed separately from the remaining amount of the county's
11.25 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
11.26 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
11.27 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
11.28 separately and not included in the sum of the special taxing districts; and

11.29 (3) the increase or decrease between the total taxes payable in the current year and
11.30 the total proposed taxes, expressed as a percentage.

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

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

11.36 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

12.31 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
12.32 473.446, 473.521, 473.547, or 473.834;

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

12.35 (3) Metropolitan Mosquito Control Commission under section 473.711.

13.1 For purposes of this section, any levies made by the regional rail authorities in the
13.2 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
13.3 398A shall be included with the appropriate county's levy.

13.4 (j) The governing body of a county, city, or school district may, with the consent
13.5 of the county board, include supplemental information with the statement of proposed
13.6 property taxes about the impact of state aid increases or decreases on property tax
13.7 increases or decreases and on the level of services provided in the affected jurisdiction.
13.8 This supplemental information may include information for the following year, the current
13.9 year, and for as many consecutive preceding years as deemed appropriate by the governing
13.10 body of the county, city, or school district. It may include only information regarding:

- 13.11 (1) the impact of inflation as measured by the implicit price deflator for state and
13.12 local government purchases;
- 13.13 (2) population growth and decline;
- 13.14 (3) state or federal government action; and
- 13.15 (4) other financial factors that affect the level of property taxation and local services
13.16 that the governing body of the county, city, or school district may deem appropriate to
13.17 include.

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

13.21 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes
13.22 payable in 2014 and thereafter.

13.23 Sec. 7. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is
13.24 amended to read:

13.25 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
13.26 printing of the tax statements. The commissioner of revenue shall prescribe the form of
13.27 the property tax statement and its contents. The tax statement must not state or imply
13.28 that property tax credits are paid by the state of Minnesota. The statement must contain
13.29 a tabulated statement of the dollar amount due to each taxing authority and the amount
13.30 of the state tax from the parcel of real property for which a particular tax statement is
13.31 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
13.32 school tax, the other local school tax, the township or municipality, and the total of
13.33 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
13.34 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
13.35 if any, may be aggregated except ~~that~~ (1) any levies made by the regional rail authorities

14.1 in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under
 14.2 chapter 398A shall be listed on a separate line directly under the appropriate county's
 14.3 levy, and (2) any levy by a special taxing district that exceeds 25 percent of the total of all
 14.4 special taxing district levies on a tax statement must be separately stated. If the county
 14.5 levy under this paragraph includes an amount for a lake improvement district as defined
 14.6 under sections 103B.501 to 103B.581, the amount attributable for that purpose must be
 14.7 separately stated from the remaining county levy amount. In the case of Ramsey County,
 14.8 if the county levy under this paragraph includes an amount for public library service
 14.9 under section 134.07, the amount attributable for that purpose may be separated from the
 14.10 remaining county levy amount. The amount of the tax on homesteads qualifying under the
 14.11 senior citizens' property tax deferral program under chapter 290B is the total amount of
 14.12 property tax before subtraction of the deferred property tax amount. The amount of the
 14.13 tax on contamination value imposed under sections 270.91 to 270.98, if any, must also
 14.14 be separately stated. The dollar amounts, including the dollar amount of any special
 14.15 assessments, may be rounded to the nearest even whole dollar. For purposes of this section
 14.16 whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.
 14.17 The amount of market value excluded under section 273.11, subdivision 16, if any, must
 14.18 also be listed on the tax statement.

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

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

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

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

14.29 (3) the property's taxable market value after reductions under sections 273.11,
 14.30 subdivisions 1a and 16, and 273.13, subdivision 35;

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

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

14.33 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

14.34 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
 14.35 credit received under section 273.135 must be separately stated and identified as "taconite
 14.36 tax relief"; and

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

15.2 (d) If the county uses envelopes for mailing property tax statements and if the county
15.3 agrees, a taxing district may include a notice with the property tax statement notifying
15.4 taxpayers when the taxing district will begin its budget deliberations for the current
15.5 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
15.6 be included in the envelope containing the property tax statement, and if more than
15.7 one taxing district relative to a given property decides to include a notice with the tax
15.8 statement, the county treasurer or auditor must coordinate the process and may combine
15.9 the information on a single announcement.

15.10 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes
15.11 payable in 2014 and thereafter.

15.12 Sec. 8. Minnesota Statutes 2010, section 290A.04, subdivision 2h, is amended to read:

15.13 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead
15.14 increase more than 12 percent over the property taxes payable in the prior year on the same
15.15 property that is owned and occupied by the same owner on January 2 of both years, and the
15.16 amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed
15.17 an additional refund equal to ~~60~~75 percent of the amount of the increase over the greater
15.18 of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not
15.19 apply to any increase in the gross property taxes payable attributable to improvements
15.20 made to the homestead after the assessment date for the prior year's taxes. This subdivision
15.21 shall not apply to any increase in the gross property taxes payable attributable to the
15.22 termination of valuation exclusions under section 273.11, subdivision 16.

15.23 The maximum refund allowed under this subdivision is \$1,000.

15.24 (b) For purposes of this subdivision "gross property taxes payable" means property
15.25 taxes payable determined without regard to the refund allowed under this subdivision.

15.26 (c) In addition to the other proofs required by this chapter, each claimant under
15.27 this subdivision shall file with the property tax refund return a copy of the property tax
15.28 statement for taxes payable in the preceding year or other documents required by the
15.29 commissioner.

15.30 (d) Upon request, the appropriate county official shall make available the names and
15.31 addresses of the property taxpayers who may be eligible for the additional property tax
15.32 refund under this section. The information shall be provided on a magnetic computer
15.33 disk. The county may recover its costs by charging the person requesting the information
15.34 the reasonable cost for preparing the data. The information may not be used for any

16.1 purpose other than for notifying the homeowner of potential eligibility and assisting the
16.2 homeowner, without charge, in preparing a refund claim.

16.3 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
16.4 taxes payable in 2013.

16.5 Sec. 9. **[471.703] EXPENDITURE TYPE REPORTING.**

16.6 Subdivision 1. **Purpose.** In order to facilitate involvement of the public in local
16.7 government budgeting, municipalities shall provide the following budgetary information
16.8 on a municipal Web site, except as provided in subdivision 4, and publicize the availability
16.9 of this information as part of the property tax and budget notices required in section
16.10 275.065.

16.11 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the
16.12 meanings given in this subdivision.

16.13 (b) "Municipality" means a county with a population of more than 5,000 or a home
16.14 rule charter or statutory city with a population of more than 5,000.

16.15 (c) "Population" means the population of the municipality as established by the last
16.16 federal census, by a special census conducted under contract with the United States Bureau
16.17 of the Census, by a population estimate made by the Metropolitan Council pursuant to
16.18 section 473.24, or by a population estimate of the state demographer made pursuant to
16.19 section 4A.02, whichever is the most recent as to the stated date of the count or estimate for
16.20 the preceding calendar year, and which has been certified to the commissioner of revenue
16.21 on or before July 15 of the year in which the information is required to be reported.

16.22 Subd. 3. **Electronic budgetary information.** (a) By July 31 of each year, a
16.23 municipality shall publish on its Web site, except as provided in subdivision 4, four years
16.24 of budget information on both revenues and expenditures organized by function and by
16.25 expenditure type. The four years shall include actual data from the three most recently
16.26 concluded budget years and estimated data for the current budget year.

16.27 (b) The governmental funds included in the budget information required under
16.28 this section shall include the municipality's general fund, debt service fund, and special
16.29 revenue funds, except for special revenue funds specifically used for the acquisition and
16.30 construction of major capital facilities. The reported information shall also exclude
16.31 enterprise funds and fiduciary funds.

16.32 (c) The forms and reporting requirements for revenues and expenditures by function
16.33 shall be established by the state auditor's office and shall be based on the revenue and
16.34 expenditure breakdowns used by that office in the five-year summary tables for annual

17.1 revenue, expenditure, and debt reports for counties and cities with a population over
17.2 2,500, under section 6.75.

17.3 (d) The forms and reporting requirements for expenditures by expenditure type shall
17.4 be established by the state auditor's office and at minimum shall include the following line
17.5 items: employee costs, purchased services, supplies, central services, capital items, debt
17.6 service, transfer to other funds, and miscellaneous; with employee costs further subdivided
17.7 into the following items: wages and salaries, pensions, Social Security, health care, and
17.8 other benefits. The state auditor shall consult with the commissioner of management and
17.9 budget, city and county representatives, and members of the governmental accounting
17.10 community in developing the definition of expenditure types for reporting purposes.

17.11 Subd. 4. **Alternative publication of budgetary information.** A municipality
17.12 that does not maintain an official Web site must either (1) set up a separate Web site to
17.13 make accessible the budgetary information as required in subdivision 3, or (2) publish the
17.14 same information required in subdivision 3 by August 31 of each year in one issue of the
17.15 official newspaper of the municipality. If a county publishes the information in its official
17.16 newspaper it must also publish the same information in one other newspaper, if one of
17.17 general circulation is located in a different city in the county than the official newspaper.
17.18 The state auditor must prescribe the form for the newspaper notice.

17.19 Subd. 5. **Incentives.** In 2012 only, a city or county that complies with the
17.20 requirement of this section and section 6.91, subdivision 1, shall receive the benefits
17.21 pursuant to section 6.91, subdivision 2.

17.22 Subd. 6. **Penalties.** In 2013 and thereafter, failure of a municipality to provide
17.23 the information required in this section shall result in the withholding of aids payable
17.24 the following calendar year under sections 162.01 to 162.14, 423A.02, and 477A.011
17.25 to 477A.014.

17.26 **EFFECTIVE DATE.** This section is effective July 1, 2012.

17.27 Sec. 10. Minnesota Statutes 2010, section 477A.011, subdivision 36, is amended to
17.28 read:

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

17.31 (b) The city aid base for any city with a population less than 500 is increased by
17.32 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount
17.33 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
17.34 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

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

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

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

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

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

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

18.9 (iii) the city's net tax capacity used in calculating its 1996 aid under section
18.10 477A.013 is less than \$400 per capita; and

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

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

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

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

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

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

18.23 (1) the city has a population that is greater than 1,000 and less than 2,500;

18.24 (2) its commercial and industrial percentage for aids payable in 1999 is greater
18.25 than 45 percent; and

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

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

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

18.33 (2) the net tax capacity of the city used in calculating its 1999 aid under section
18.34 477A.013 is less than \$650 per capita;

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

19.1 (4) the 1999 local government aid of the city under section 477A.013 is less than
19.2 20 percent of the amount that the formula aid of the city would have been if the need
19.3 increase percentage was 100 percent; and

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

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

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

19.10 (2) the net tax capacity of the city used in calculating its 1999 aid under section
19.11 477A.013 is less than \$455 per capita;

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

19.14 (4) the 1999 local government aid of the city under section 477A.013 is less than
19.15 38 percent of the amount that the formula aid of the city would have been if the need
19.16 increase percentage was 100 percent.

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

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

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

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

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

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

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

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

19.32 (2) the city's commercial industrial percentage used in calculating aids payable in
19.33 2000 was less than ten percent;

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

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

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

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

20.9 (1) the net tax capacity of the city used in calculating its 2000 aid under section
20.10 477A.013 is less than \$810 per capita;

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

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

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

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

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

20.23 (2) \$2,500,000.

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

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

20.28 (2) its population in 2000 is between 10,000 and 20,000; and

20.29 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,
20.30 was greater than 25 percent.

20.31 (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to
20.32 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum
20.33 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is
20.34 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
20.35 2009 only, provided that:

20.36 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

21.1 (2) its home county is located within the seven-county metropolitan area;
21.2 (3) its pre-1940 housing percentage is less than 15 percent; and
21.3 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
21.4 per capita.

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

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

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

21.19 (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the
21.20 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
21.21 by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000
21.22 and has a state park for which the city provides rescue services and which comprised at
21.23 least 14 percent of the total geographic area included within the city boundaries in 2000.

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

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

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

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

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

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

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

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

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

22.5 (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the
22.6 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
22.7 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than
22.8 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities
22.9 and one township in 2002.

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

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

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

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

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

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

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

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

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

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

22.34 (y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if
22.35 it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes
22.36 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment

23.1 under that paragraph in December 2008 was canceled due to the governor's unallotment.
23.2 The payment under this paragraph is not subject to any aid reductions under section
23.3 477A.0134 or any future unallotment of the city aid under section 16A.152.

23.4 ~~(z) The city aid base and the maximum total aid the city may receive under section~~
23.5 ~~477A.013, subdivision 9, is increased by \$25,000 in calendar year 2010 only if:~~

23.6 ~~(1) the city is a first class city in the seven-county metropolitan area with a~~
23.7 ~~population below 300,000; and~~

23.8 ~~(2) the city has made an equivalent grant to its local growers' association to~~
23.9 ~~reimburse up to \$1,000 each for membership fees and retail leases for members of the~~
23.10 ~~association who farm in and around Dakota County and who incurred crop damage as a~~
23.11 ~~result of the hail storm in that area on July 10, 2008.~~

23.12 ~~The payment under this paragraph is not subject to any aid reductions under section~~
23.13 ~~477A.0134 or any future unallotment of the city aid under section 16A.152.~~

23.14 ~~(aa) The city aid base for a city is increased by \$106,964 in 2011 only and the~~
23.15 ~~minimum and maximum amount of total aid it may receive under section 477A.013,~~
23.16 ~~subdivision 9, is also increased by \$106,964 in calendar year 2011 only, if the city had a~~
23.17 ~~population as defined in Minnesota Statutes, section 477A.011, subdivision 3, that was in~~
23.18 ~~excess of 1,000 in 2007 and that was less than 1,000 in 2008.~~

23.19 (z) In calendar year 2013 only, the total aid the city may receive under section
23.20 477A.013 is increased by \$12,000 if:

23.21 (1) the city's 2010 population is less than 100 and its population growth between
23.22 2000 and 2010 was more than 55 percent; and

23.23 (2) its commercial industrial percentage as defined in subdivision 32, based on
23.24 assessments for calendar year 2010, payable in 2011, is greater than 15 percent.

23.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
23.26 2013 and thereafter.

23.27 Sec. 11. Minnesota Statutes 2011 Supplement, section 477A.013, subdivision 9,
23.28 is amended to read:

23.29 Subd. 9. **City aid distribution.** (a) In calendar year ~~2009~~ 2013 and thereafter, each
23.30 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
23.31 subdivision 8, and (2) its city aid base.

23.32 (b) For aids payable in 2013 and 2014 only, the total aid in the previous year for any
23.33 city shall mean the amount of aid it was certified to receive for aids payable in 2012 under
23.34 this section. For aids payable in ~~2014~~ 2015 and thereafter, the total aid in the previous

24.1 year for any city means the amount of aid it was certified to receive under this section in
24.2 the previous payable year.

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

24.9 (d) For aids payable in 2010 and thereafter, the total aid for a city with a population
24.10 less than 2,500 must not be less than the amount it was certified to receive in the
24.11 previous year minus the lesser of \$10 multiplied by its population, or five percent of its
24.12 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a
24.13 population less than 2,500 must not be less than what it received under this section in the
24.14 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,
24.15 subdivision 36, paragraph (s), in which case its minimum aid is zero.

24.16 (e) A city's aid loss under this section may not exceed \$300,000 in any year in
24.17 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or
24.18 greater than the appropriation under that subdivision in the previous year, unless the
24.19 city has an adjustment in its city net tax capacity under the process described in section
24.20 469.174, subdivision 28.

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

24.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
24.28 2013 and thereafter.

24.29 Sec. 12. Minnesota Statutes 2010, section 477A.013, is amended by adding a
24.30 subdivision to read:

24.31 **Subd. 12. Aid payments in 2013.** (a) Notwithstanding aids calculated for 2013
24.32 under subdivision 9, for 2013, each city with a population of 5,000 or more shall receive
24.33 an aid distribution under this section equal to its aid distribution under this section in 2012.

24.34 (b) Notwithstanding aids calculated for 2013 under subdivision 9, each city with
24.35 a population under 5,000 shall receive an aid distribution under this section equal to

25.1 any additional city aid base authorized in calendar year 2013 under section 477A.011,
25.2 subdivision 36, paragraph (z), plus the greater of (1) its aid distribution under this section
25.3 in 2012 or (2) its amount that it is calculated to receive under subdivision 9.

25.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
25.5 2013.

25.6 Sec. 13. Minnesota Statutes 2010, section 477A.017, subdivision 3, is amended to read:

25.7 Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive
25.8 distributions under sections 477A.011 to 477A.03, counties and cities must conform to
25.9 the standards set in subdivision 2 in making all financial reports required to be made to
25.10 the state auditor ~~after June 30, 1984~~ by the deadline set by the state auditor. Counties and
25.11 cities that fail to submit the required information to the state auditor within 45 days of
25.12 the reporting deadline shall forfeit an amount equal to ten percent of the distributions
25.13 under sections 477A.011 to 477A.03. Counties and cities that fail to submit the required
25.14 information within 60 days of the reporting deadline shall forfeit an amount equal to 30
25.15 percent of the distributions. Counties and cities that fail to submit the required information
25.16 within 90 days of the reporting deadline shall forfeit an amount equal to 50 percent of the
25.17 distributions.

25.18 **EFFECTIVE DATE.** This section is effective for financial reports for calendar
25.19 year 2012 and thereafter.

25.20 Sec. 14. **2011 CITY AID PENALTIES.**

25.21 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, any city
25.22 that did not meet the requirements for filing calendar year 2010 financial reports with
25.23 the state auditor imposed under Minnesota Statutes, section 477A.017, subdivision 2,
25.24 shall receive its 2011 aid payment as calculated pursuant to Minnesota Statutes, section
25.25 477A.013, subdivision 11, provided that the forms are submitted to the state auditor by
25.26 May 31, 2012. The commissioner shall make payment to each qualifying city no later
25.27 than June 30, 2012.

25.28 (b) Up to \$794,579 of the fiscal year 2012 appropriation for local government aid
25.29 in Minnesota Statutes, section 477A.013, subdivision 11, is available for the payment
25.30 under this section.

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

26.1 Sec. 15. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,
26.2 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter
26.3 154, article 2, section 30, is amended to read:

26.4 Sec. 3. **TAX; PAYMENT OF EXPENSES.**

26.5 (a) The tax levied by the hospital district under Minnesota Statutes, section 447.34,
26.6 must not be levied at a rate that exceeds the amount authorized to be levied under that
26.7 section. The proceeds of the tax may be used for all purposes of the hospital district,
26.8 except as provided in paragraph (b).

26.9 (b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used
26.10 ~~solely by the Cook ambulance service and the Orr ambulance service for the purpose of~~
26.11 ~~capital expenditures as it relates to:~~

26.12 (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance
26.13 service ~~and not;~~

26.14 (2) attached and portable equipment for use in and for the ambulances; and

26.15 (3) parts and replacement parts for maintenance and repair of the ambulances.

26.16 The money may not be used for administrative, operation, or salary expenses.

26.17 (c) The part of the levy referred to in paragraph (b) must be administered by the Cook
26.18 Hospital and passed on directly to the Cook area ambulance service board and the city of
26.19 Orr to be ~~held in trust until funding for a new ambulance is needed by either the Cook~~
26.20 ~~ambulance service or the Orr ambulance service~~ used for the purposes in paragraph (b).

26.21 Sec. 16. Laws 1999, chapter 243, article 6, section 11, is amended to read:

26.22 Sec. 11. **CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.**

26.23 ~~Subdivision 1. Levy authorized.~~ Notwithstanding other law to the contrary, the
26.24 Carlton county board of commissioners may annually levy in and for the unorganized
26.25 township of Sawyer an amount ~~up to \$1,000 annually~~ for cemetery purposes, ~~beginning~~
26.26 ~~with taxes payable in 2000 and ending with taxes payable in 2009.~~

26.27 ~~Subd. 2. Effective date.~~ This section is effective June 1, 1999, without local
26.28 approval.

26.29 **EFFECTIVE DATE; LOCAL APPROVAL.** This section applies to taxes
26.30 payable in 2013 and thereafter, and is effective the day after the Carlton county board
26.31 of commissioners and its chief clerical officer timely complete their compliance with
26.32 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

26.33 Sec. 17. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to
26.34 read:

27.1 **EFFECTIVE DATE.** This section is effective for assessment ~~years~~ year 2010 and
27.2 2011, for taxes payable in 2011 and 2012 thereafter.

27.3 **EFFECTIVE DATE.** This section is effective for assessment year 2012 and
27.4 thereafter.

27.5 Sec. 18. **HOLDING OF PROPERTY FOR ECONOMIC DEVELOPMENT;**
27.6 **TEMPORARY EXTENSION.**

27.7 (a) For purposes of Minnesota Statutes, section 272.02, subdivision 39, a political
27.8 subdivision's holding for resale for economic development of a property that is located in
27.9 a city in the metropolitan area, or in a city with a population of more than 5,000 outside
27.10 of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision
27.11 2, for up to ten years, is a public purpose.

27.12 (b) The authority under this section expires on December 31, 2015.

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

27.14 Sec. 19. **ADDITIONAL AID PAYMENT IN 2012 FOR CERTAIN CITIES.**

27.15 For calendar year 2012 only, a city shall receive a onetime payment of \$12,000
27.16 if: (1) the city's 2010 population is less than 100 and its population growth between
27.17 2000 and 2010 was more than 55 percent; and (2) its commercial industrial percentage as
27.18 defined in Minnesota Statutes, section 477A.011, subdivision 32, based on assessments
27.19 for calendar year 2010, payable 2011, is greater than 15 percent. The aid paid under this
27.20 section shall be paid on the same schedule as aid paid under Minnesota Statutes, sections
27.21 477A.011 to 477A.03. The amount necessary to make the payment under this section shall
27.22 be appropriated from the general fund in fiscal year 2013.

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

27.24 Sec. 20. **SUPPLEMENTAL TARGETING REFUND FOR TAXES PAYABLE IN**
27.25 **2012 ONLY.**

27.26 Subdivision 1. **Determination of supplemental refund.** (a) For property tax refund
27.27 claims under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property
27.28 taxes payable in 2012, the state must pay a supplemental refund such that the combined
27.29 amount of the regular refund under Minnesota Statutes, section 290A.04, subdivision 2h,
27.30 and the supplemental refund is equal to 90 percent of the increase over the greater of (1) 12

28.1 percent of the payable 2011 property taxes, or (2) \$100. The maximum combined refund
28.2 under Minnesota Statutes, section 290A.04, subdivision 2h, and this section is \$1,000.

28.3 (b) The supplemental refund amount must be determined by the commissioner of
28.4 revenue based upon the information submitted with the claim for the regular refund and
28.5 must be combined with the regular refund for payment.

28.6 (c) Any supplemental refund paid under this section must be subtracted from
28.7 "property taxes payable" for the purposes of determining any refund amount under
28.8 Minnesota Statutes, section 290A.04, subdivision 2, based upon property taxes payable
28.9 in 2012.

28.10 (d) Any supplemental refund paid under this section must be subtracted from
28.11 "property taxes payable" for taxes payable in 2012 for the purposes of determining any
28.12 refund amount under Minnesota Statutes, section 290A.04, subdivision 2h, based upon
28.13 property taxes payable in 2013.

28.14 Subd. 2. **Appropriation.** The amount necessary to make the payments required
28.15 under this section is appropriated to the commissioner of revenue from the general fund
28.16 for fiscal years 2013 and 2014.

28.17 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
28.18 payable in 2012 only.

28.19 **ARTICLE 2**

28.20 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

28.21 Section 1. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 1,
28.22 is amended to read:

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

28.25 (b) "Qualified small business" means a business that has been certified by the
28.26 commissioner under subdivision 2.

28.27 (c) "Qualified investor" means an investor who has been certified by the
28.28 commissioner under subdivision 3.

28.29 (d) "Qualified fund" means a pooled angel investment network fund that has been
28.30 certified by the commissioner under subdivision 4.

28.31 (e) "Qualified investment" means a cash investment in a qualified small business
28.32 of a minimum of:

28.33 (1) \$10,000 in a calendar year by a qualified investor; or

28.34 (2) \$30,000 in a calendar year by a qualified fund.

29.1 A qualified investment must be made in exchange for common stock, a partnership
29.2 or membership interest, preferred stock, debt with mandatory conversion to equity, or an
29.3 equivalent ownership interest as determined by the commissioner.

29.4 (f) "Family" means a family member within the meaning of the Internal Revenue
29.5 Code, section 267(c)(4).

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

29.10 (h) "Intern" means a student of an accredited institution of higher education, or a
29.11 former student who has graduated in the past six months from an accredited institution
29.12 of higher education, who is employed by a qualified small business in a nonpermanent
29.13 position for a duration of nine months or less that provides training and experience in the
29.14 primary business activity of the business.

29.15 (i) "Liquidation event" means a conversion of qualified investment for cash, cash
29.16 and other consideration, or any other form of equity or debt interest.

29.17 **EFFECTIVE DATE.** This section is effective for qualified small businesses
29.18 certified after June 30, 2012.

29.19 Sec. 2. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 2, is
29.20 amended to read:

29.21 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
29.22 to the commissioner for certification as a qualified small business for a calendar year.
29.23 The application must be in the form and be made under the procedures specified by the
29.24 commissioner, accompanied by an application fee of \$150. Application fees are deposited
29.25 in the small business investment tax credit administration account in the special revenue
29.26 fund. The application for certification for 2010 must be made available on the department's
29.27 Web site by August 1, 2010. Applications for subsequent years' certification must be made
29.28 available on the department's Web site by November 1 of the preceding year.

29.29 (b) Within 30 days of receiving an application for certification under this subdivision,
29.30 the commissioner must either certify the business as satisfying the conditions required of a
29.31 qualified small business, request additional information from the business, or reject the
29.32 application for certification. If the commissioner requests additional information from the
29.33 business, the commissioner must either certify the business or reject the application within
29.34 30 days of receiving the additional information. If the commissioner neither certifies the
29.35 business nor rejects the application within 30 days of receiving the original application or

30.1 within 30 days of receiving the additional information requested, whichever is later, then
30.2 the application is deemed rejected, and the commissioner must refund the \$150 application
30.3 fee. A business that applies for certification and is rejected may reapply.

30.4 (c) To receive certification, a business must satisfy all of the following conditions:

30.5 (1) the business has its headquarters in Minnesota;

30.6 (2) at least 51 percent of the business's employees are employed in Minnesota, and
30.7 51 percent of the business's total payroll is paid or incurred in the state;

30.8 (3) the business is engaged in, or is committed to engage in, innovation in Minnesota
30.9 in one of the following as its primary business activity:

30.10 (i) using proprietary technology to add value to a product, process, or service in a
30.11 qualified high-technology field;

30.12 (ii) researching or developing a proprietary product, process, or service in a qualified
30.13 high-technology field; or

30.14 (iii) researching, developing, or producing a new proprietary technology for use in
30.15 the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

30.16 (4) other than the activities specifically listed in clause (3), the business is not
30.17 engaged in real estate development, insurance, banking, lending, lobbying, political
30.18 consulting, information technology consulting, wholesale or retail trade, leisure,
30.19 hospitality, transportation, construction, ethanol production from corn, or professional
30.20 services provided by attorneys, accountants, business consultants, physicians, or health
30.21 care consultants;

30.22 (5) the business has fewer than 25 employees;

30.23 (6) the business must pay its employees annual wages of at least 175 percent of the
30.24 federal poverty guideline for the year for a family of four and must pay its interns annual
30.25 wages of at least 175 percent of the federal minimum wage used for federally covered
30.26 employers, except that this requirement must be reduced proportionately for employees
30.27 and interns who work less than full-time, and does not apply to an executive, officer, or
30.28 member of the board of the business, or to any employee who owns, controls, or holds
30.29 power to vote more than 20 percent of the outstanding securities of the business;

30.30 (7) the business has not been in operation for more than ten years, except as provided
30.31 in clause (8);

30.32 (8) the business has not been in operation for more than 20 years if the business is
30.33 engaged in the research, development, or production of medical devices or pharmaceuticals
30.34 for which U.S. Food and Drug Administration approval is required for use in the treatment
30.35 or diagnosis of a disease or condition;

31.1 ~~(8)~~ (9) the business has not previously received private equity investments of more
31.2 than \$4,000,000; ~~and~~

31.3 ~~(9)~~ (10) the business is not an entity disqualified under section 80A.50, paragraph
31.4 (b), clause (3); and

31.5 (11) the business has not issued securities that are traded on a public exchange.

31.6 (d) In applying the limit under paragraph (c), clause (5), the employees in all
31.7 members of the unitary business, as defined in section 290.17, subdivision 4, must be
31.8 included.

31.9 (e) In order for a qualified investment in a business to be eligible for tax credits;

31.10 (1) the business must have applied for and received certification for the calendar
31.11 year in which the investment was made prior to the date on which the qualified investment
31.12 was made;

31.13 (2) the business must not have issued securities that are traded on a public exchange;

31.14 (3) the business must not issue securities that are traded on a public exchange within
31.15 180 days subsequent to the date on which the qualified investment was made; and

31.16 (4) the business must not have a liquidation event within 180 days subsequent to the
31.17 date on which the qualified investment was made.

31.18 (f) The commissioner must maintain a list of businesses certified under this
31.19 subdivision for the calendar year and make the list accessible to the public on the
31.20 department's Web site.

31.21 (g) For purposes of this subdivision, the following terms have the meanings given:

31.22 (1) "qualified high-technology field" includes aerospace, agricultural processing,
31.23 renewable energy, energy efficiency and conservation, environmental engineering, food
31.24 technology, cellulosic ethanol, information technology, materials science technology,
31.25 nanotechnology, telecommunications, biotechnology, medical device products,
31.26 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar
31.27 fields; and

31.28 (2) "proprietary technology" means the technical innovations that are unique and
31.29 legally owned or licensed by a business and includes, without limitation, those innovations
31.30 that are patented, patent pending, a subject of trade secrets, or copyrighted.

31.31 **EFFECTIVE DATE.** This section is effective for qualified small businesses
31.32 certified after June 30, 2012, except the amendments to paragraph (c), clause (7), and
31.33 paragraph (c), adding clause (8), are effective the day following final enactment.

31.34 Sec. 3. Minnesota Statutes 2010, section 116J.8737, subdivision 5, is amended to read:

32.1 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for
32.2 a credit equal to 25 percent of the qualified investment in a qualified small business.
32.3 Investments made by a pass-through entity qualify for a credit only if the entity is a
32.4 qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to
32.5 qualified investors or qualified funds for taxable years beginning after December 31,
32.6 2009, and before January 1, 2011, ~~and~~ must not allocate more than \$12,000,000 in credits
32.7 per year for taxable years beginning after December 31, 2010, and before January 1,
32.8 ~~2015~~ 2012, must not allocate more than \$16,500,000 in credits per year for taxable years
32.9 beginning after December 31, 2011, and before January 1, 2013, and must not allocate
32.10 more than \$17,000,000 in credits per year for taxable years beginning after December 31,
32.11 2012, and before January 1, 2015. Any portion of a taxable year's credits that is not
32.12 allocated by the commissioner does not cancel and may be carried forward to subsequent
32.13 taxable years until all credits have been allocated.

32.14 (b) The commissioner may not allocate more than a total maximum amount in credits
32.15 for a taxable year to a qualified investor for the investor's cumulative qualified investments
32.16 as an individual qualified investor and as an investor in a qualified fund; for married
32.17 couples filing joint returns the maximum is \$250,000, and for all other filers the maximum
32.18 is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
32.19 over all taxable years for qualified investments in any one qualified small business.

32.20 (c) The commissioner may not allocate a credit to a qualified investor either as an
32.21 individual qualified investor or as an investor in a qualified fund if the investor receives
32.22 more than 50 percent of the investor's gross annual income from the qualified small
32.23 business in which the qualified investment is proposed. A member of the family of an
32.24 individual disqualified by this paragraph is not eligible for a credit under this section. For
32.25 a married couple filing a joint return, the limitations in this paragraph apply collectively
32.26 to the investor and spouse. For purposes of determining the ownership interest of an
32.27 investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal
32.28 Revenue Code apply.

32.29 (d) Applications for tax credits for 2010 must be made available on the department's
32.30 Web site by September 1, 2010, and the department must begin accepting applications
32.31 by September 1, 2010. Applications for subsequent years must be made available by
32.32 November 1 of the preceding year.

32.33 (e) Qualified investors and qualified funds must apply to the commissioner for tax
32.34 credits. Tax credits must be allocated to qualified investors or qualified funds in the order
32.35 that the tax credit request applications are filed with the department. The commissioner
32.36 must approve or reject tax credit request applications within 15 days of receiving the

33.1 application. The investment specified in the application must be made within 60 days of
33.2 the allocation of the credits. If the investment is not made within 60 days, the credit
33.3 allocation is canceled and available for reallocation. A qualified investor or qualified fund
33.4 that fails to invest as specified in the application, within 60 days of allocation of the
33.5 credits, must notify the commissioner of the failure to invest within five business days of
33.6 the expiration of the 60-day investment period.

33.7 (f) All tax credit request applications filed with the department on the same day must
33.8 be treated as having been filed contemporaneously. If two or more qualified investors or
33.9 qualified funds file tax credit request applications on the same day, and the aggregate
33.10 amount of credit allocation claims exceeds the aggregate limit of credits under this section
33.11 or the lesser amount of credits that remain unallocated on that day, then the credits must
33.12 be allocated among the qualified investors or qualified funds who filed on that day on a
33.13 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one
33.14 qualified investor or qualified fund is the product obtained by multiplying a fraction,
33.15 the numerator of which is the amount of the credit allocation claim filed on behalf of
33.16 a qualified investor and the denominator of which is the total of all credit allocation
33.17 claims filed on behalf of all applicants on that day, by the amount of credits that remain
33.18 unallocated on that day for the taxable year.

33.19 (g) A qualified investor or qualified fund, or a qualified small business acting on their
33.20 behalf, must notify the commissioner when an investment for which credits were allocated
33.21 has been made, and the taxable year in which the investment was made. A qualified fund
33.22 must also provide the commissioner with a statement indicating the amount invested by
33.23 each investor in the qualified fund based on each investor's share of the assets of the
33.24 qualified fund at the time of the qualified investment. After receiving notification that the
33.25 investment was made, the commissioner must issue credit certificates for the taxable year
33.26 in which the investment was made to the qualified investor or, for an investment made by
33.27 a qualified fund, to each qualified investor who is an investor in the fund. The certificate
33.28 must state that the credit is subject to revocation if the qualified investor or qualified
33.29 fund does not hold the investment in the qualified small business for at least three years,
33.30 consisting of the calendar year in which the investment was made and the two following
33.31 years. The three-year holding period does not apply if:

33.32 (1) the investment by the qualified investor or qualified fund becomes worthless
33.33 before the end of the three-year period;

33.34 (2) 80 percent or more of the assets of the qualified small business is sold before
33.35 the end of the three-year period;

33.36 (3) the qualified small business is sold before the end of the three-year period; or

34.1 (4) the qualified small business's common stock begins trading on a public exchange
34.2 before the end of the three-year period.

34.3 (h) The commissioner must notify the commissioner of revenue of credit certificates
34.4 issued under this section.

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

34.7 Sec. 4. Minnesota Statutes 2010, section 116J.8737, is amended by adding a
34.8 subdivision to read:

34.9 Subd. 5a. **Promotion of credit in greater Minnesota.** (a) By July 1, 2012, the
34.10 commissioner shall develop a plan to increase awareness of and use of the credit for
34.11 investments in greater Minnesota businesses with a target goal that a minimum of 30
34.12 percent of the credit will be awarded for those investments during the second half
34.13 of calendar year 2013 and for each full calendar year thereafter. Beginning with the
34.14 legislative report due on March 15, 2013, under subdivision 9, the commissioner shall
34.15 report on its plan under this subdivision and the results achieved.

34.16 (b) If the target goal of 30 percent under paragraph (a) is not achieved for the
34.17 six-month period ending on December 31, 2013, the credit percentage under subdivision
34.18 5, paragraph (a), is increased to 40 percent for a qualified investment made after December
34.19 31, 2013, in a greater Minnesota business. This paragraph does not apply and the credit
34.20 percentage for all qualified investments is the rate provided under subdivision 5 for any
34.21 calendar year beginning after a calendar year for which the commissioner determines the
34.22 30 percent target has been satisfied. The commissioner shall timely post notification of
34.23 changes in the credit rate under this paragraph on the department's website.

34.24 (c) For purposes of this section, a "greater Minnesota business" means a qualified
34.25 small business with its headquarters and 51 percent or more of its employees employed
34.26 at Minnesota locations outside of the metropolitan area as defined in section 473.121,
34.27 subdivision 2.

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

34.29 Sec. 5. Minnesota Statutes 2010, section 116J.8737, subdivision 8, is amended to read:

34.30 **Subd. 8. Data privacy.** (a) Data contained in an application submitted to the
34.31 commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on
34.32 individuals, as defined in section 13.02, subdivision 9 or 12, except that the following
34.33 data items are public:

35.1 (1) the name, mailing address, telephone number, e-mail address, contact person's
35.2 name, and industry type of a qualified small business upon approval of the application
35.3 and certification by the commissioner under subdivision 2;

35.4 (2) the name of a qualified investor upon approval of the application and certification
35.5 by the commissioner under subdivision 3;

35.6 (3) the name of a qualified fund upon approval of the application and certification
35.7 by the commissioner under subdivision 4;

35.8 (4) for credit certificates issued under subdivision 5, the amount of the credit
35.9 certificate issued, amount of the qualifying investment, the name of the qualifying investor
35.10 or qualifying fund that received the certificate, and the name of the qualifying small
35.11 business in which the qualifying investment was made;

35.12 (5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and
35.13 the name of the qualified investor or qualified fund; and

35.14 (6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount
35.15 revoked and the name of the qualified small business.

35.16 (b) The following data, including data classified as nonpublic or private, must be
35.17 provided to the consultant for use in conducting the program evaluation under subdivision
35.18 10:

35.19 (1) the commissioner of employment and economic development shall provide data
35.20 contained in an application for certification received from a qualified small business,
35.21 qualified investor, or qualified fund, and any annual reporting information received on a
35.22 qualified small business, qualified investor, or qualified fund; and

35.23 (2) the commissioner of revenue shall provide data contained in any applicable tax
35.24 returns of a qualified small business, qualified investor, or qualified fund.

35.25 **EFFECTIVE DATE.** This section is effective for businesses requesting certification
35.26 starting on the day following final enactment.

35.27 Sec. 6. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7, is
35.28 amended to read:

35.29 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
35.30 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
35.31 ~~2011~~ February 14, 2012.

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

35.33 Sec. 7. Minnesota Statutes 2010, section 289A.31, subdivision 5, is amended to read:

36.1 Subd. 5. **Withholding tax, withholding from payments to out-of-state**
36.2 **contractors, and withholding by partnerships and small business corporations.** (a)
36.3 Except as provided in paragraph (b), an employer or person withholding tax under section
36.4 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a
36.5 sum or sums required by those sections to be deducted, withheld, and paid, is personally
36.6 and individually liable to the state for the sum or sums, and added penalties and interest,
36.7 and is not liable to another person for that payment or payments. The sum or sums
36.8 deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision
36.9 2, must be held as a special fund in trust for the state of Minnesota.

36.10 (b) If the employer or person withholding tax under section 290.92 or 290.923,
36.11 subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later
36.12 the taxes against which the tax may be credited are paid, the tax required to be deducted
36.13 and withheld will not be collected from the employer. This does not, however, relieve the
36.14 employer from liability for any penalties and interest otherwise applicable for failure to
36.15 deduct and withhold. This paragraph does not apply to an employer subject to paragraph
36.16 (g), ~~or to a contractor required to withhold under section 290.92, subdivision 31.~~

36.17 (c) Liability for payment of withholding taxes includes a responsible person or entity
36.18 described in the personal liability provisions of section 270C.56.

36.19 (d) Liability for payment of withholding taxes includes a third-party lender or surety
36.20 described in section 270C.59.

36.21 (e) A partnership or S corporation required to withhold and remit tax under section
36.22 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a
36.23 person having control of or responsibility for the withholding of the tax or the filing of
36.24 returns due in connection with the tax is personally liable for the tax due.

36.25 (f) A payor of sums required to be withheld under section 290.9705, subdivision
36.26 1, is liable to the state for the amount required to be deducted, and is not liable to an
36.27 out-of-state contractor for the amount of the payment.

36.28 (g) If an employer fails to withhold tax from the wages of an employee when
36.29 required to do so under section 290.92, subdivision 2a, by reason of treating such
36.30 employee as not being an employee, then the liability for tax is equal to three percent of
36.31 the wages paid to the employee. The liability for tax of an employee is not affected by
36.32 the assessment or collection of tax under this paragraph. The employer is not entitled to
36.33 recover from the employee any tax determined under this paragraph.

36.34 **EFFECTIVE DATE.** This section is effective for payments made after June 30,
36.35 2012.

37.1 Sec. 8. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is
37.2 amended to read:

37.3 Subd. 19. **Net income.** The term "net income" means the federal taxable income,
37.4 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the
37.5 date named in this subdivision, incorporating the federal effective dates of changes to the
37.6 Internal Revenue Code and any elections made by the taxpayer in accordance with the
37.7 Internal Revenue Code in determining federal taxable income for federal income tax
37.8 purposes, and with the modifications provided in subdivisions 19a to 19f.

37.9 In the case of a regulated investment company or a fund thereof, as defined in section
37.10 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
37.11 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
37.12 except that:

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

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

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

37.22 The net income of a real estate investment trust as defined and limited by section
37.23 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
37.24 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

37.28 The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February
37.29 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. ~~The~~
37.30 ~~provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits~~
37.31 ~~for charitable cash contributions for the relief of victims of the Haitian earthquake, are~~
37.32 ~~effective at the same time they became effective for federal purposes and apply to the~~
37.33 ~~subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of~~
37.34 ~~the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans~~
37.35 ~~to designated Roth accounts, are effective at the same time they became effective for~~

38.1 ~~federal purposes and taxable rollovers are included in net income at the same time they are~~
38.2 ~~included in gross income for federal purposes.~~

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

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

38.7 Sec. 9. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is
38.8 amended to read:

38.9 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
38.10 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
38.11 ~~2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in
38.12 federal law that relates to provisions of the Internal Revenue Code that are incorporated
38.13 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
38.14 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
38.15 amended through March 18, 2010.

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

38.17 Sec. 10. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

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

38.21 (a) ten percent of the first \$2,000,000 of the excess (if any) of

38.22 (1) the qualified research expenses for the taxable year, over

38.23 (2) the base amount; and

38.24 (b) ~~2.5~~ 3.1 percent on all of such excess expenses over \$2,000,000 for taxable years
38.25 beginning after December 31, 2011.

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

38.28 Sec. 11. Minnesota Statutes 2010, section 290.0681, subdivision 1, is amended to read:

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

38.31 (b) "Account" means the historic credit administration account in the special
38.32 revenue fund.

39.1 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical
39.2 Society.

39.3 (d) "Project" means rehabilitation of a certified historic structure, as defined in
39.4 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is
39.5 allowed a federal credit ~~under section 47(a)(2) of the Internal Revenue Code.~~

39.6 (e) "Society" means the Minnesota Historical Society.

39.7 (f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal
39.8 Revenue Code.

39.9 (g) "Placed in service" has the meaning used in section 47 of the Internal Revenue
39.10 Code.

39.11 (h) "Qualified rehabilitation expenditures" has the meaning given in section 47 of
39.12 the Internal Revenue Code.

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

39.14 Sec. 12. Minnesota Statutes 2010, section 290.0681, subdivision 3, is amended to read:

39.15 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this
39.16 section, the developer of a project must apply to the office before the rehabilitation begins.
39.17 The application must contain the information and be in the form prescribed by the office.
39.18 The office may collect a fee for application of up to \$5,000, based on estimated qualified
39.19 rehabilitation ~~expenses~~ expenditures, to offset costs associated with personnel and
39.20 administrative expenses related to administering the credit and preparing the economic
39.21 impact report in subdivision 9. Application fees are deposited in the account. The
39.22 application must indicate if the application is for a credit or a grant in lieu of the credit
39.23 or a combination of the two and designate the taxpayer qualifying for the credit or the
39.24 recipient of the grant.

39.25 (b) Upon approving an application for credit, the office shall issue allocation
39.26 certificates that:

39.27 (1) verify eligibility for the credit or grant;

39.28 (2) state the amount of credit or grant anticipated with the project, with the credit
39.29 amount equal to 100 percent and the grant amount equal to 90 percent of the federal
39.30 credit anticipated in the application;

39.31 (3) state that the credit or grant allowed may increase or decrease if the federal
39.32 credit the project receives at the time it is placed in service is different than the amount
39.33 anticipated at the time the allocation certificate is issued; and

39.34 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
39.35 or grant recipient is entitled to receive the credit or grant at the time the project is placed

40.1 in service, provided that date is within three calendar years following the issuance of
40.2 the allocation certificate.

40.3 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine
40.4 if the project is eligible for a credit or a grant under this section and must notify the
40.5 developer in writing of its determination. Eligibility for the credit is subject to review
40.6 and audit by the commissioner ~~of revenue~~.

40.7 (d) The federal credit recapture and repayment requirements under section 50 of the
40.8 Internal Revenue Code do not apply to the credit allowed under this section.

40.9 (e) Any decision of the office under paragraph (c) of this subdivision may be
40.10 challenged as a contested case under chapter 14. The contested case proceeding must be
40.11 initiated within 45 days of the date of written notification by the office.

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

40.13 Sec. 13. Minnesota Statutes 2010, section 290.0681, subdivision 4, is amended to read:

40.14 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the
40.15 office has issued an allocation certificate must notify the office when the project is placed
40.16 in service. Upon verifying that the project has been placed in service, and was allowed a
40.17 federal credit, the office must issue a credit certificate to the taxpayer designated in the
40.18 application or must issue a grant to the recipient designated in the application. The credit
40.19 certificate must state the amount of the credit.

40.20 (2) The credit amount equals the federal credit allowed for the project.

40.21 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

40.22 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,
40.23 which is then allowed the credit under this section or section 297I.20, subdivision 3. An
40.24 assignment is not valid unless the assignee notifies the commissioner within 30 days of the
40.25 date that the assignment is made. The commissioner shall prescribe the forms necessary
40.26 for notifying the commissioner of the assignment of a credit certificate and for claiming
40.27 a credit by assignment.

40.28 (c) Credits passed through pursuant to subdivision 5 of this section are not an
40.29 assignment of a credit certificate under this subdivision.

40.30 (d) A grant agreement between the office and the recipient of a grant may allow the
40.31 grant to be issued to another individual or entity.

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

40.33 Sec. 14. Minnesota Statutes 2010, section 290.0681, subdivision 5, is amended to read:

41.1 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
41.2 liability company taxed as a partnership, S corporation, or multiple owners of property
41.3 are passed through to the partners, members, shareholders, or owners, respectively, pro
41.4 rata to each partner, member, shareholder, or owner based on their share of the entity's
41.5 assets or as specially allocated in their organizational documents or any other executed
41.6 agreement, as of the last day of the taxable year.

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

41.8 Sec. 15. Minnesota Statutes 2010, section 290.0681, subdivision 10, is amended to
41.9 read:

41.10 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that
41.11 the office's authority to issue credit certificates under subdivision 4 based on allocation
41.12 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~
41.13 2024, and the reporting requirements in subdivision 9 remain in effect through the year
41.14 following the year in which all allocation certificates have either been canceled or resulted
41.15 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

41.17 Sec. 16. **[290.0693] VETERANS JOBS TAX CREDIT.**

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

41.20 (b)(1) "Full-time employee" means an employee as defined in section 290.92,
41.21 subdivision 1, who meets the following criteria:

41.22 (i) the employee is paid wages as defined in section 290.92, subdivision 1, for at
41.23 least 1,820 hours during the 12-month period that starts on the date of hire;

41.24 (ii) the employee's wages are attributable to Minnesota under section 290.191,
41.25 subdivision 12;

41.26 (iii) the employee performs services for the employer in at least 50 weeks during the
41.27 12-month period that starts on the date of hire; and

41.28 (iv) the employee's total compensation, including benefits not mandated by law, is at
41.29 least \$25,000 for the 12-month period that starts on the date of hire.

41.30 (2) "Full-time employee" does not include:

41.31 (i) any employee who bears any of the relationships described in subparagraphs (A)
41.32 to (G) of section 152(d)(2) of the Internal Revenue Code to the employer;

- 42.1 (ii) if the employer is a corporation, any employee who owns, directly or indirectly,
42.2 more than 50 percent in value of the outstanding stock of the corporation, or if the
42.3 employer is an entity other than a corporation, an employee who owns, directly or
42.4 indirectly, more than 50 percent of the capital and profits interests in the entity, as
42.5 determined with the application of section 267(c) of the Internal Revenue Code; or
42.6 (iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate
42.7 or trust, or is an individual who bears any of the relationships described in subparagraphs
42.8 (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary,
42.9 or fiduciary of the estate or trust.
- 42.10 (c) "Qualified employer" means an employer that:
42.11 (1) employed a total of five or more full-time employees on December 31, 2011; and
42.12 (2) hired one or more qualified full-time employees after March 31, 2012.
- 42.13 (d) "Qualified full-time employee" means a full-time employee who:
42.14 (1) has completed 12 consecutive months of service as a full-time employee for a
42.15 qualified employer;
42.16 (2) is a qualified unemployed veteran; and
42.17 (3) is a resident of Minnesota on the date of hire.
- 42.18 (e) "Qualified unemployed veteran" is a person who:
42.19 (1) was in active military service in a designated area after September 11, 2001,
42.20 as defined in section 290.0677;
42.21 (2) was separated from active military service at any time during the five-year period
42.22 prior to the date of hire;
42.23 (3) received unemployment compensation under state or federal law for not less than
42.24 four weeks during the one-year period prior to the date of hire; and
42.25 (4) was unemployed on the date of hire.
- 42.26 (f) "Date of hire" means the day that the qualified full-time employee begins
42.27 performing services as an employee for the qualified employer.
- 42.28 (g) "Construction trades employer" means a person carrying on a trade or business
42.29 described in industry code numbers 23 through 238990 of the North American Industry
42.30 Classification System.
- 42.31 **Subd. 2. Credit for new full-time employees.** (a) A qualified employer who is
42.32 required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit
42.33 against the tax imposed by this chapter for the net increase in qualified full-time employees.
- 42.34 (b)(1) For hiring qualified full-time employees after March 30, 2012, but before
42.35 January 1, 2013, the credit is equal to \$3,000 times the net increase in full-time employees.
42.36 The net increase in full-time employees is the difference between:

43.1 (i) the total number of full-time employees employed by the employer on December
43.2 31, 2011; and

43.3 (ii) the number of full-time employees employed by the employer on December
43.4 31, 2012.

43.5 The net increase in full-time employees cannot exceed the number of qualified full-time
43.6 employees hired after March 31, 2012, but before January 1, 2013.

43.7 (2) For hiring qualified full-time employees after December 31, 2012, but before
43.8 July 1, 2013, the credit is equal to \$1,500 times the net increase in full-time employees.

43.9 The net increase in full-time employees is the difference between:

43.10 (i) the total number of full-time employees employed by the taxpayer on December
43.11 31, 2011; and

43.12 (ii) the number of full-time employees employed by the taxpayer on December
43.13 31, 2013.

43.14 The net increase in full-time employees cannot exceed the number of qualified full-time
43.15 employees hired after December 31, 2012, but before July 1, 2013.

43.16 (c) The credit may be claimed in the taxable year in which the qualified full-time
43.17 employee completes 12 consecutive months of continuous service as a full-time employee
43.18 of the qualified employer.

43.19 (d) The maximum aggregate credits allowed to a qualified employer under this
43.20 section for all taxable years is \$50,000.

43.21 (e) For members of a unitary business whose income and factors are included on a
43.22 combined income report under section 289A.08, subdivision 3, the number of full-time
43.23 employees and the maximum allowable credit are not determined at the individual
43.24 member level but are instead determined at the group level.

43.25 Subd. 3. **Allocation of credits.** (a) By July 1, 2012, the commissioner shall develop
43.26 an Internet application that allows employers to apply for tentative credits. The application
43.27 must include the employer's name, tax identification number, and North American Industry
43.28 Classification System industry code, and the name and date of hire of the employee.

43.29 (b) The credit is available only to employers who apply for a tentative credit using
43.30 the application in paragraph (a) and who receive notice that their application has been
43.31 approved for a tentative credit.

43.32 (c) Employers may apply for a tentative credit no earlier than the date of hire of
43.33 each qualified full-time employee. Any employer may file more than one tentative credit
43.34 application, but no employer may apply for tentative credits for more than a total of 16
43.35 employees hired in 2012 or 33 employees hired in 2013.

44.1 (d) The commissioner shall approve applications seeking tentative credits for the
44.2 first 2,500 full-time employees based on the order in which the applications are received.

44.3 (e) The commissioner must promptly notify employers if they are eligible for a
44.4 tentative credit. The notice must state that the employer is eligible for a credit only after
44.5 the employee named in the application has worked for 12 consecutive months and all other
44.6 conditions of eligibility are met.

44.7 (f) The commissioner shall promptly publish public notice when all 2,500 tentative
44.8 credits have been applied for.

44.9 **Subd. 4. Tentative credits for construction trades employers.** (a) Any
44.10 construction trades employer may apply for a tentative credit.

44.11 (b) To remain eligible for a credit, a construction trades employer who has received
44.12 a tentative credit must renew the tentative credit by filing an application with the
44.13 commissioner no earlier than 180 days after date of hire and no more than 210 days after
44.14 date of hire. The renewal notice must state that the employee for whom the tentative credit
44.15 was originally granted is still an employee and that the employer reasonably believes that
44.16 all qualifications of eligibility for a credit will be met.

44.17 (c) Any tentative credit issued to a construction trades employer that is not renewed
44.18 within the time required for renewal is canceled. Any canceled tentative credits are
44.19 available to be reissued by the commissioner to employers under subdivision 3.

44.20 **Subd. 5. Flow-through entities.** Credits granted to a partnership, limited liability
44.21 company taxed as a partnership, S corporation, or multiple owners of a business are passed
44.22 through to the partners, members, shareholders, or owners, respectively, pro rata to each
44.23 partner, member, shareholder, or owner based on their share of the entity's assets or as
44.24 specially allocated in their organizational documents, as of the last day of the taxable year.

44.25 **Subd. 6. Refundable.** If the amount of the credit allowed under this section exceeds
44.26 the liability for tax under this chapter, the commissioner shall refund the excess to the
44.27 taxpayer.

44.28 **Subd. 7. Appropriation.** An amount sufficient to pay the refunds authorized by this
44.29 section is appropriated to the commissioner from the general fund.

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

44.31 Sec. 17. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15,
44.32 is amended to read:

44.33 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
44.34 Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012.

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

45.2 Sec. 18. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is
45.3 amended to read:

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

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

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

45.11 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
45.12 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the
45.13 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law
45.14 111-312, and section 301(c) of Public Law 111-312.

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

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

45.19 (ii)(A) the value of qualified small business property under section 291.03,
45.20 subdivision 9, and the value of qualified farm property under section 291.03, subdivision
45.21 10, or (B) \$4,000,000, whichever is less.

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

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

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

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

46.3 (9) "Situs of property" means, with respect to real property, the state or country in
46.4 which it is located; with respect to tangible personal property, the state or country in which
46.5 it was normally kept or located at the time of the decedent's death; and with respect to
46.6 intangible personal property, the state or country in which the decedent was domiciled
46.7 at death.

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

46.9 Sec. 19. Laws 2010, chapter 216, section 11, the effective date, is amended to read:

46.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning
46.11 after December 31, 2009, for certified historic structures for which qualified ~~costs of~~
46.12 ~~rehabilitation are first paid under construction contracts entered into after May 1, 2010~~
46.13 rehabilitation expenditures are first paid by the developer or taxpayer after May 1, 2010,
46.14 for rehabilitation that occurs after May 1, 2010, provided that the application under
46.15 subdivision 3 is submitted before the project is placed in service.

46.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
46.17 and applies retroactively for taxable years beginning after December 31, 2009, and for
46.18 certified historic structures placed in service after May 1, 2010, but the office may not
46.19 issue certificates allowed under the change to this section until July 1, 2013.

46.20 Sec. 20. **AMENDED RETURNS; CERTAIN IRA ROLLOVERS.**

46.21 An individual who excludes an amount from net income in a prior taxable year
46.22 through rollover of an airline payment amount to a traditional IRA, as authorized under
46.23 Public Law 112-95, section 1106, may file an amended individual income tax return and
46.24 claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40,
46.25 subdivision 1, or, if later, by April 15, 2013.

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

46.27 Sec. 21. **REPEALER.**

46.28 Minnesota Statutes 2010, section 290.92, subdivision 31, is repealed.

46.29 **EFFECTIVE DATE.** This section is effective for payments made after June 30,
46.30 2012.

47.1 **ARTICLE 3**

47.2 **SALES AND USE TAXES**

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

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

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

47.12 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~
47.13 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~
47.14 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~
47.15 ~~commissioner monthly in the following manner:~~

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

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

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

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

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

47.34 ~~(vi) For vendors making an accelerated payment under item (ii), for the first month~~
47.35 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~

48.1 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~
48.2 ~~the first month equal to 67 percent of the liability for the previous month.~~

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

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

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

48.10 (c) A vendor having a liability of:

48.11 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,
48.12 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns
48.13 due for periods beginning in the subsequent calendar year on or before the 20th day of
48.14 the month following the month in which the taxable event occurred, or on or before the
48.15 20th day of the month following the month in which the sale is reported under section
48.16 289A.18, subdivision 4; or

48.17 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years
48.18 thereafter, must remit by electronic means all liabilities in the manner provided in
48.19 paragraph (a), ~~clause (2),~~ on returns due for periods beginning in the subsequent calendar
48.20 year, except for 90 percent of the estimated June liability, which is due two business days
48.21 before June 30. The remaining amount of the June liability is due on August 20.

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

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

48.34 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow~~
48.35 ~~account established in section 16A.152, subdivision 1, and the budget reserve account~~
48.36 ~~established in section 16A.152, subdivision 1a, reach the amounts listed in section~~

49.1 ~~16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required~~
49.2 ~~under paragraph (a), clause (2), must be suspended. The commissioner of management~~
49.3 ~~and budget shall notify the commissioner of revenue when the accounts have reached~~
49.4 ~~the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a~~
49.5 ~~vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~
49.6 ~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the~~
49.7 ~~commissioner on the 20th day of the month following the month in which the taxable~~
49.8 ~~event occurred. Payments of tax liabilities for taxable events occurring in June under~~
49.9 ~~paragraph (b) are not changed.~~

49.10 **EFFECTIVE DATE.** This section is effective for taxes due and payable after
49.11 June 30, 2012.

49.12 Sec. 2. Minnesota Statutes 2011 Supplement, section 295.53, subdivision 1, is
49.13 amended to read:

49.14 Subdivision 1. **Exemptions.** (a) The following payments are excluded from the
49.15 gross revenues subject to the hospital, surgical center, or health care provider taxes under
49.16 sections 295.50 to 295.59:

49.17 (1) payments received for services provided under the Medicare program, including
49.18 payments received from the government, and organizations governed by sections 1833
49.19 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42,
49.20 section 1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the
49.21 Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011,
49.22 subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social
49.23 Security Act. Payments for services not covered by Medicare are taxable;

49.24 (2) payments received for home health care services;

49.25 (3) payments received from hospitals or surgical centers for goods and services on
49.26 which liability for tax is imposed under section 295.52 or the source of funds for the
49.27 payment is exempt under clause (1), (7), (10), or (14);

49.28 (4) payments received from health care providers for goods and services on which
49.29 liability for tax is imposed under this chapter or the source of funds for the payment is
49.30 exempt under clause (1), (7), (10), or (14);

49.31 (5) amounts paid for legend drugs, other than nutritional products and blood and
49.32 blood components, to a wholesale drug distributor who is subject to tax under section
49.33 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise
49.34 exempt under this chapter;

50.1 (6) payments received by a health care provider or the wholly owned subsidiary of a
50.2 health care provider for care provided outside Minnesota;

50.3 (7) payments received from the chemical dependency fund under chapter 254B;

50.4 (8) payments received in the nature of charitable donations that are not designated
50.5 for providing patient services to a specific individual or group;

50.6 (9) payments received for providing patient services incurred through a formal
50.7 program of health care research conducted in conformity with federal regulations
50.8 governing research on human subjects. Payments received from patients or from other
50.9 persons paying on behalf of the patients are subject to tax;

50.10 (10) payments received from any governmental agency for services benefiting the
50.11 public, not including payments made by the government in its capacity as an employer
50.12 or insurer or payments made by the government for services provided under general
50.13 assistance medical care, the MinnesotaCare program, or the medical assistance program
50.14 governed by title XIX of the federal Social Security Act, United States Code, title 42,
50.15 sections 1396 to 1396v;

50.16 (11) government payments received by the commissioner of human services for
50.17 state-operated services;

50.18 (12) payments received by a health care provider for hearing aids and related
50.19 equipment or prescription eyewear delivered outside of Minnesota;

50.20 (13) payments received by an educational institution from student tuition, student
50.21 activity fees, health care service fees, government appropriations, donations, or grants,
50.22 and for services identified in and provided under an individualized education program
50.23 as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section
50.24 300.340(a). Fee for service payments and payments for extended coverage are taxable;

50.25 (14) payments received under the federal Employees Health Benefits Act, United
50.26 States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of
50.27 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

50.28 (15) payments received under the federal Tricare program, Code of Federal
50.29 Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and
50.30 co-payments are subject to tax; and

50.31 (16) payments for laboratory services to examine and report results for a biological
50.32 specimen that is collected outside the state. The entity claiming the exemption is required
50.33 to keep adequate records demonstrating that the specimen was collected outside the state,
50.34 so that the commissioner can ensure that the correct amount of tax is paid.

51.1 (b) Payments received by wholesale drug distributors for legend drugs sold directly
51.2 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross
51.3 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

51.4 **EFFECTIVE DATE.** This section is effective for gross revenues received from
51.5 laboratory services provided on or after July 1, 2013.

51.6 Sec. 3. Minnesota Statutes 2010, section 297A.61, subdivision 4, is amended to read:

51.7 Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any
51.8 purpose, other than resale, sublease, or subrent of items by the purchaser in the normal
51.9 course of business as defined in subdivision 21.

51.10 (b) A sale of property used by the owner only by leasing it to others or by holding it
51.11 in an effort to lease it, and put to no use by the owner other than resale after the lease or
51.12 effort to lease, is a sale of property for resale.

51.13 (c) A sale of master computer software that is purchased and used to make copies for
51.14 sale or lease is a sale of property for resale.

51.15 (d) A sale of building materials, supplies, and equipment to owners, contractors,
51.16 subcontractors, or builders for the erection of buildings or the alteration, repair, or
51.17 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
51.18 for purposes of resale in the form of real property or otherwise.

51.19 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides
51.20 for installation of the floor covering is a retail sale and not a sale for resale since a sale
51.21 of floor covering which includes installation is a contract for the improvement of real
51.22 property.

51.23 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
51.24 for installation of the items is a retail sale and not a sale for resale since a sale of
51.25 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for
51.26 the improvement of real property.

51.27 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and
51.28 is not considered a sale of property for resale.

51.29 (h) A sale of tangible personal property utilized or employed in the furnishing or
51.30 providing of services under subdivision 3, paragraph (g), clause (1), including, but not
51.31 limited to, property given as promotional items, is a retail sale and is not considered a
51.32 sale of property for resale.

51.33 (i) A sale of tangible personal property used in conducting lawful gambling under
51.34 chapter 349 or the State Lottery under chapter 349A, including, but not limited to,

52.1 property given as promotional items, is a retail sale and is not considered a sale of
52.2 property for resale.

52.3 (j) A sale of machines, equipment, or devices that are used to furnish, provide, or
52.4 dispense goods or services, including, but not limited to, coin-operated devices, is a retail
52.5 sale and is not considered a sale of property for resale.

52.6 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
52.7 payment becomes due under the terms of the agreement or the trade practices of the lessor
52.8 ~~or~~; (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision
52.9 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
52.10 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
52.11 executed; or (3) for rent-to-own or lease-to-own used vehicles where the lessee may
52.12 purchase or return the vehicle at any time without penalty, at the time each payment is
52.13 made under the terms of the agreement.

52.14 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of
52.15 title or possession of the tangible personal property.

52.16 (m) A sale of a bundled transaction in which one or more of the products included
52.17 in the bundle is a taxable product is a retail sale, except that if one of the products
52.18 is a telecommunication service, ancillary service, Internet access, or audio or video
52.19 programming service, and the seller has maintained books and records identifying through
52.20 reasonable and verifiable standards the portions of the price that are attributable to the
52.21 distinct and separately identifiable products, then the products are not considered part of a
52.22 bundled transaction. For purposes of this paragraph:

52.23 (1) the books and records maintained by the seller must be maintained in the regular
52.24 course of business, and do not include books and records created and maintained by the
52.25 seller primarily for tax purposes;

52.26 (2) books and records maintained in the regular course of business include, but are
52.27 not limited to, financial statements, general ledgers, invoicing and billing systems and
52.28 reports, and reports for regulatory tariffs and other regulatory matters; and

52.29 (3) books and records are maintained primarily for tax purposes when the books
52.30 and records identify taxable and nontaxable portions of the price, but the seller maintains
52.31 other books and records that identify different prices attributable to the distinct products
52.32 included in the same bundled transaction.

52.33 **EFFECTIVE DATE.** This section is effective for leases entered into after June
52.34 30, 2012.

52.35 Sec. 4. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

53.1 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided
53.2 in paragraphs (e) and (f), the tax must be imposed and collected as if the rate under section
53.3 297A.62, subdivision 1, applied, and then refunded in the manner provided in section
53.4 297A.75.

53.5 "Capital equipment" means machinery and equipment purchased or leased, and used
53.6 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,
53.7 or refining tangible personal property to be sold ultimately at retail if the machinery and
53.8 equipment are essential to the integrated production process of manufacturing, fabricating,
53.9 mining, or refining. Capital equipment also includes machinery and equipment
53.10 used primarily to electronically transmit results retrieved by a customer of an online
53.11 computerized data retrieval system.

53.12 (b) Capital equipment includes, but is not limited to:

53.13 (1) machinery and equipment used to operate, control, or regulate the production
53.14 equipment;

53.15 (2) machinery and equipment used for research and development, design, quality
53.16 control, and testing activities;

53.17 (3) environmental control devices that are used to maintain conditions such as
53.18 temperature, humidity, light, or air pressure when those conditions are essential to and are
53.19 part of the production process;

53.20 (4) materials and supplies used to construct and install machinery or equipment;

53.21 (5) repair and replacement parts, including accessories, whether purchased as spare
53.22 parts, repair parts, or as upgrades or modifications to machinery or equipment;

53.23 (6) materials used for foundations that support machinery or equipment;

53.24 (7) materials used to construct and install special purpose buildings used in the
53.25 production process;

53.26 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed
53.27 as part of the delivery process regardless if mounted on a chassis, repair parts for
53.28 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

53.29 (9) machinery or equipment used for research, development, design, or production
53.30 of computer software.

53.31 (c) Capital equipment does not include the following:

53.32 (1) motor vehicles taxed under chapter 297B;

53.33 (2) machinery or equipment used to receive or store raw materials;

53.34 (3) building materials, except for materials included in paragraph (b), clauses (6)
53.35 and (7);

54.1 (4) machinery or equipment used for nonproduction purposes, including, but not
54.2 limited to, the following: plant security, fire prevention, first aid, and hospital stations;
54.3 support operations or administration; pollution control; and plant cleaning, disposal of
54.4 scrap and waste, plant communications, space heating, cooling, lighting, or safety;

54.5 (5) farm machinery and aquaculture production equipment as defined by section
54.6 297A.61, subdivisions 12 and 13;

54.7 (6) machinery or equipment purchased and installed by a contractor as part of an
54.8 improvement to real property;

54.9 (7) machinery and equipment used by restaurants in the furnishing, preparing, or
54.10 serving of prepared foods as defined in section 297A.61, subdivision 31;

54.11 (8) machinery and equipment used to furnish the services listed in section 297A.61,
54.12 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

54.13 (9) machinery or equipment used in the transportation, transmission, or distribution
54.14 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,
54.15 tanks, mains, or other means of transporting those products. This clause does not apply to
54.16 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section
54.17 239.77; or

54.18 (10) any other item that is not essential to the integrated process of manufacturing,
54.19 fabricating, mining, or refining.

54.20 (d) For purposes of this subdivision:

54.21 (1) "Equipment" means independent devices or tools separate from machinery but
54.22 essential to an integrated production process, including computers and computer software,
54.23 used in operating, controlling, or regulating machinery and equipment; and any subunit or
54.24 assembly comprising a component of any machinery or accessory or attachment parts of
54.25 machinery, such as tools, dies, jigs, patterns, and molds.

54.26 (2) "Fabricating" means to make, build, create, produce, or assemble components or
54.27 property to work in a new or different manner.

54.28 (3) "Integrated production process" means a process or series of operations through
54.29 which tangible personal property is manufactured, fabricated, mined, or refined. For
54.30 purposes of this clause, (i) manufacturing begins with the removal of raw materials
54.31 from inventory and ends when the last process prior to loading for shipment has been
54.32 completed; (ii) fabricating begins with the removal from storage or inventory of the
54.33 property to be assembled, processed, altered, or modified and ends with the creation
54.34 or production of the new or changed product; (iii) mining begins with the removal of
54.35 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and
54.36 ends when the last process before stockpiling is completed; and (iv) refining begins with

55.1 the removal from inventory or storage of a natural resource and ends with the conversion
55.2 of the item to its completed form.

55.3 (4) "Machinery" means mechanical, electronic, or electrical devices, including
55.4 computers and computer software, that are purchased or constructed to be used for the
55.5 activities set forth in paragraph (a), beginning with the removal of raw materials from
55.6 inventory through completion of the product, including packaging of the product.

55.7 (5) "Machinery and equipment used for pollution control" means machinery and
55.8 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity
55.9 described in paragraph (a).

55.10 (6) "Manufacturing" means an operation or series of operations where raw materials
55.11 are changed in form, composition, or condition by machinery and equipment and which
55.12 results in the production of a new article of tangible personal property. For purposes of
55.13 this subdivision, "manufacturing" includes the generation of electricity or steam to be
55.14 sold at retail.

55.15 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

55.16 (8) "Online data retrieval system" means a system whose cumulation of information
55.17 is equally available and accessible to all its customers.

55.18 (9) "Primarily" means machinery and equipment used 50 percent or more of the time
55.19 in an activity described in paragraph (a).

55.20 (10) "Refining" means the process of converting a natural resource to an intermediate
55.21 or finished product, including the treatment of water to be sold at retail.

55.22 (11) This subdivision does not apply to telecommunications equipment as
55.23 provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit
55.24 for telecommunications services.

55.25 (e) Materials exempt under this section may be purchased without imposing and
55.26 collecting the tax and applying for a refund under section 297A.75, if, for calendar years
55.27 2013 to 2015, the purchaser employed not more than 80 full-time employees at any time
55.28 during calendar year 2010, and:

55.29 (1) did not have more than \$1,000,000 in annual gross revenues or \$2,500,000 in
55.30 annual gross revenues if the business is a technical or professional service; and

55.31 (2) was not more than 20 percent owned by a business that had more than \$1,000,000
55.32 in annual gross revenues or \$2,500,000 in annual gross revenues if the business is a
55.33 technical or professional service.

55.34 (f) For calendar year 2016 and thereafter, all purchases exempt under this section
55.35 may be purchased without imposing and collecting the tax and applying the refund
55.36 under section 297A.75.

56.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
56.2 June 30, 2012.

56.3 Sec. 5. Minnesota Statutes 2011 Supplement, section 297A.68, subdivision 42, is
56.4 amended to read:

56.5 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information
56.6 technology equipment and computer software for use in a qualified data center are exempt.
56.7 The tax on purchases exempt under this paragraph must be imposed and collected as if
56.8 the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,
56.9 2013, in the manner provided in section 297A.75. This exemption includes enterprise
56.10 information technology equipment and computer software purchased to replace or upgrade
56.11 enterprise information technology equipment and computer software in a qualified data
56.12 center.

56.13 (b) Electricity used or consumed in the operation of a qualified data center is exempt.

56.14 (c) For purposes of this subdivision, "qualified data center" means a facility in
56.15 Minnesota:

56.16 (1) that is comprised of one or more buildings that consist in the aggregate of at
56.17 least 30,000 square feet, and that are located on a single parcel or on contiguous parcels,
56.18 where the total cost of construction or refurbishment, investment in enterprise information
56.19 technology equipment, and computer software is at least ~~\$50,000,000~~ \$30,000,000 within
56.20 a ~~24-month~~ three-year period;

56.21 (2) that is constructed or substantially refurbished after June 30, 2012, where
56.22 "substantially refurbished" means that at least ~~30,000~~ 25,000 square feet have been rebuilt
56.23 or modified; ~~and, including:~~

56.24 (i) installation of enterprise information technology equipment, computer software,
56.25 environmental control and energy efficiency improvements; and

56.26 (ii) building improvements; and

56.27 (3) that is used to house enterprise information technology equipment, where the
56.28 facility has the following characteristics:

56.29 (i) uninterruptible power supplies, generator backup power, or both;

56.30 (ii) sophisticated fire suppression and prevention systems; and

56.31 (iii) enhanced security. A facility will be considered to have enhanced security if it
56.32 has restricted access to the facility to selected personnel; permanent security guards; video
56.33 camera surveillance; an electronic system requiring pass codes, keycards, or biometric
56.34 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

57.1 In determining whether the facility has the required square footage, the square
57.2 footage of the following spaces shall be included if the spaces support the operation
57.3 of enterprise information technology equipment: office space, meeting space, and
57.4 mechanical and other support facilities. For purposes of this subdivision, "computer
57.5 software" includes, but is not limited to, software utilized or loaded at the qualified data
57.6 center, including maintenance, licensing, and software customization.

57.7 (d) For purposes of this subdivision, "enterprise information technology equipment"
57.8 means computers and equipment supporting computing, networking, or data storage,
57.9 including servers and routers. It includes, but is not limited to: cooling systems,
57.10 cooling towers, and other temperature control infrastructure; power infrastructure for
57.11 transformation, distribution, or management of electricity used for the maintenance
57.12 and operation of a qualified data center, including but not limited to exterior dedicated
57.13 business-owned substations, backup power generation systems, battery systems, and
57.14 related infrastructure; and racking systems, cabling, and trays, which are necessary for
57.15 the maintenance and operation of the qualified data center.

57.16 (e) A qualified data center may claim the exemptions in this subdivision for
57.17 purchases made either within 20 years of the date of its first purchase qualifying for the
57.18 exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

57.19 (f) The purpose of this exemption is to create jobs in the construction and data
57.20 center industries.

57.21 (g) This subdivision is effective for sales and purchases made after June 30, 2012,
57.22 and before July 1, 2042.

57.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
57.24 June 30, 2012.

57.25 Sec. 6. Minnesota Statutes 2010, section 297A.70, subdivision 4, is amended to read:

57.26 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph
57.27 (b), to the following "nonprofit organizations" are exempt:

57.28 (1) a corporation, society, association, foundation, or institution organized and
57.29 operated exclusively for charitable, religious, or educational purposes if the item
57.30 purchased is used in the performance of charitable, religious, or educational functions; and

57.31 (2) any senior citizen group or association of groups that:

57.32 (i) in general limits membership to persons who are either age 55 or older, or
57.33 physically disabled;

58.1 (ii) is organized and operated exclusively for pleasure, recreation, and other
58.2 nonprofit purposes, not including housing, no part of the net earnings of which inures to
58.3 the benefit of any private shareholders; and

58.4 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.
58.5 For purposes of this subdivision, charitable purpose includes the maintenance of a
58.6 cemetery owned by a religious organization.

58.7 (b) This exemption does not apply to the following sales:

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

58.12 (2) construction materials purchased by tax-exempt entities or their contractors to
58.13 be used in constructing buildings or facilities that will not be used principally by the
58.14 tax-exempt entities; and

58.15 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
58.16 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
58.17 297A.67, subdivision 2, except wine purchased by an established religious organization
58.18 for sacramental purposes or as allowed under subdivision 9a; and

58.19 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
58.20 as provided in paragraph (c).

58.21 (c) This exemption applies to the leasing of a motor vehicle as defined in section
58.22 297B.01, subdivision 11, only if the vehicle is:

58.23 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
58.24 passenger automobile, as defined in section 168.002, if the automobile is designed and
58.25 used for carrying more than nine persons including the driver; and

58.26 (2) intended to be used primarily to transport tangible personal property or
58.27 individuals, other than employees, to whom the organization provides service in
58.28 performing its charitable, religious, or educational purpose.

58.29 (d) A limited liability company also qualifies for exemption under this subdivision if
58.30 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
58.31 purchased qualify for the exemption.

58.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
58.33 June 30, 2012.

58.34 Sec. 7. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision
58.35 to read:

59.1 Subd. 9a. **Established religious orders.** (a) Sales of lodging, prepared food, candy,
59.2 soft drinks, and alcoholic beverages at noncatered events between an established religious
59.3 order and an affiliated institution of higher education are exempt.

59.4 (b) For purposes of this subdivision, "established religious order" means an
59.5 organization directly or indirectly under the control or supervision of a church or
59.6 convention or association of churches, where members of the organization (1) normally
59.7 live together as part of a community, (2) make long-term commitments to live under a
59.8 strict set of moral and spiritual rules, and (3) work or engage full time in a combination
59.9 of prayer, religious study, church reform or renewal, or other religious, educational, or
59.10 charitable goals of the organization.

59.11 (c) For purposes of this subdivision, an institution of higher education is "affiliated"
59.12 with an established religious order if members of the religious order are represented
59.13 on the governing board of the institution of higher education and the two organization
59.14 share campus space and common facilities.

59.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
59.16 June 30, 2012.

59.17 Sec. 8. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision
59.18 to read:

59.19 Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those
59.20 listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding
59.21 care home certified as a nursing facility under title 19 of the Social Security Act are
59.22 exempt if the facility:

59.23 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the
59.24 Internal Revenue Code; and

59.25 (2) is certified to participate in the medical assistance program under title 19 of the
59.26 Social Security Act, or certifies to the commissioner that it does not discharge residents
59.27 due to the inability to pay.

59.28 (b) This exemption does not apply to the following sales:

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

59.33 (2) construction materials purchased by tax-exempt entities or their contractors to
59.34 be used in constructing buildings or facilities that will not be used principally by the
59.35 tax-exempt entities;

60.1 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
60.2 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
60.3 297A.67, subdivision 2; and

60.4 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
60.5 as provided in paragraph (c).

60.6 (c) This exemption applies to the leasing of a motor vehicle as defined in section
60.7 297B.01, subdivision 11, only if the vehicle is:

60.8 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
60.9 passenger automobile, as defined in section 168.002, if the automobile is designed and
60.10 used for carrying more than nine persons including the driver; and

60.11 (2) intended to be used primarily to transport tangible personal property or residents
60.12 of the nursing home or boarding care home.

60.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
60.14 June 30, 2012.

60.15 Sec. 9. Minnesota Statutes 2010, section 297A.815, subdivision 3, is amended to read:

60.16 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this
60.17 subdivision, "net revenue" means an amount equal to:

60.18 (1) the revenues, including interest and penalties, collected under this section and
60.19 on the leases under section 297A.61, subdivision 4, paragraph (k), clause (3), during
60.20 the fiscal year; less

60.21 (2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal
60.22 year 2013 and following fiscal years, \$32,000,000.

60.23 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall
60.24 estimate the amount of the revenues and subtraction under paragraph (a) for the current
60.25 fiscal year.

60.26 (c) On or after July 1 of the subsequent fiscal year, the commissioner of management
60.27 and budget shall transfer the net revenue as estimated in paragraph (b) from the general
60.28 fund, as follows:

60.29 (1) 50 percent to the greater Minnesota transit account; and

60.30 (2) 50 percent to the county state-aid highway fund. Notwithstanding any other law
60.31 to the contrary, the commissioner of transportation shall allocate the funds transferred
60.32 under this clause to the counties in the metropolitan area, as defined in section 473.121,
60.33 subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall
60.34 receive of such amount the percentage that its population, as defined in section 477A.011,

61.1 subdivision 3, estimated or established by July 15 of the year prior to the current calendar
61.2 year, bears to the total population of the counties receiving funds under this clause.

61.3 (d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must
61.4 be calculated using the following percentages of the total revenues:

61.5 (1) for fiscal year 2010, 83.75 percent; and

61.6 (2) for fiscal year 2011, 93.75 percent.

61.7 **EFFECTIVE DATE.** This section is effective for leases entered into after June
61.8 30, 2012.

61.9 Sec. 10. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by
61.10 Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First
61.11 Special Session chapter 7, article 4, section 5, is amended to read:

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

61.15 (1) transportation infrastructure improvements including regional highway and
61.16 airport improvements;

61.17 (2) improvements to the civic center complex;

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

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

61.22 (b) The total amount of capital expenditures or bonds for projects listed in paragraph
61.23 (a) that may be paid from the revenues raised from the taxes authorized in this section
61.24 may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the
61.25 project in clause (4) that may be paid from the revenues raised from the taxes authorized
61.26 in this section may not exceed \$28,000,000.

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

61.31 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted
61.32 County transportation infrastructure improvements:

61.33 (i) County State Aid Highway 34 reconstruction;

61.34 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

- 62.1 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22
62.2 interchange;
- 62.3 (iv) widening of County State Aid Highway 22 West Circle Drive; and
62.4 (v) 60th Avenue Northwest corridor preservation;
- 62.5 (2) \$30,000,000 for city transportation projects including:
62.6 (i) Trunk Highway 52 and 65th Street interchange;
62.7 (ii) NW transportation corridor acquisition;
62.8 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;
62.9 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;
62.10 (v) Southeast transportation corridor acquisition;
62.11 (vi) Rochester International Airport expansion; and
62.12 (vii) a transit operations center bus facility;
- 62.13 (3) \$14,000,000 for the University of Minnesota Rochester academic and
62.14 complementary facilities;
- 62.15 (4) \$6,500,000 for the Rochester Community and Technical College/Winona State
62.16 University career technical education and science and math facilities;
- 62.17 (5) \$6,000,000 for the Rochester Community and Technical College regional
62.18 recreation facilities at University Center Rochester;
- 62.19 (6) \$20,000,000 for the Destination Medical Community Initiative;
62.20 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;
62.21 (8) \$20,000,000 for a regional recreation/senior center;
62.22 (9) \$10,000,000 for an economic development fund; and
62.23 (10) \$8,000,000 for downtown infrastructure.
- 62.24 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1
62.25 and 2 may be used to fund transportation improvements related to a railroad bypass that
62.26 would divert traffic from the city of Rochester.
- 62.27 (e) The city shall use \$5,000,000 of the money allocated to the purpose in paragraph
62.28 (c), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,
62.29 Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,
62.30 Zumbrota, Spring Valley, West Concord, ~~and~~ Hayfield, and any other city with a 2010
62.31 population of at least 1,000 that has a city boundary within 25 miles of the geographic
62.32 center of Rochester and is closer to Rochester than to any other city located wholly
62.33 outside of the seven-county metropolitan area with a population of 20,000 or more,
62.34 for economic development projects that these communities would fund through their
62.35 economic development authority or housing and redevelopment authority.
- 62.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.

63.1 Sec. 11. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,
63.2 chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is
63.3 amended to read:

63.4 Sec. 25. **ROCHESTER LODGING TAX.**

63.5 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
63.6 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
63.7 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
63.8 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
63.9 for a continuous period of 30 days or more.

63.10 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190
63.11 or 477A.016, or any other law, and in addition to the tax authorized by subdivision 1,
63.12 the city of Rochester may impose an additional tax of ~~one~~ three percent on the gross
63.13 receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house,
63.14 tourist court, or resort, other than the renting or leasing of it for a continuous period of
63.15 30 days or more only upon the approval of the city governing body of a total financial
63.16 package for the project.

63.17 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed
63.18 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
63.19 for the purpose of marketing and promoting the city as a tourist or convention center.

63.20 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision
63.21 1a shall be used to pay for (1) construction, renovation, improvement, and expansion of
63.22 the Mayo Civic Center and related skyway access, lighting, parking, or landscaping; and
63.23 (2) for payment of any principal, interest, or premium on bonds issued to finance the
63.24 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

63.25 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general
63.26 obligation bonds of the city, in one or more series, in the aggregate principal amount
63.27 not to exceed \$43,500,000, to pay for capital and administrative costs for the design,
63.28 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,
63.29 and related skyway, access, lighting, parking, and landscaping. The city may pledge
63.30 the lodging tax authorized by subdivision 1a ~~and the food and beverage tax authorized~~
63.31 ~~under Laws 2009, chapter 88, article 4, section 23,~~ to the payment of the bonds. The debt
63.32 represented by the bonds is not included in computing any debt limitations applicable to
63.33 the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the
63.34 principal of and interest on the bonds is not subject to any levy limitation or included in
63.35 computing or applying any levy limitation applicable to the city.

64.1 Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a
64.2 tax under subdivision 1a shall expire when the principal and interest on any bonds or
64.3 other obligations issued prior to December 31, ~~2014~~ 2016, to finance the construction,
64.4 renovation, improvement, and expansion of the Mayo Civic Center Complex and related
64.5 skyway access, lighting, parking, or landscaping have been paid, including any bonds
64.6 issued to refund such bonds, or at an earlier time as the city shall, by ordinance, determine.
64.7 Any funds remaining after completion of the project and retirement or redemption of the
64.8 bonds shall be placed in the general fund of the city.

64.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
64.10 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
64.11 645.021, subdivisions 2 and 3.

64.12 Sec. 12. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
64.13 2, is amended to read:

64.14 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by
64.15 subdivision 1 by the city of St. Cloud must be used for the cost of collecting and
64.16 administering the tax and to pay all or part of the capital or administrative costs of the
64.17 development, acquisition, construction, improvement, and securing and paying debt
64.18 service on bonds or other obligations issued to finance the following regional projects as
64.19 approved by the voters and specifically detailed in the referendum authorizing the tax or
64.20 extending the tax:

64.21 (1) St. Cloud Regional Airport;

64.22 (2) regional transportation improvements;

64.23 (3) regional community and aquatics centers and facilities;

64.24 (4) regional public libraries; and

64.25 (5) acquisition and improvement of regional park land and open space.

64.26 (b) Revenues received from the tax authorized by subdivision 1 by the cities of St.
64.27 Joseph, Waite Park, Sartell, Sauk Rapids, and St. Augusta must be used for the cost of
64.28 collecting and administering the tax and to pay all or part of the capital or administrative
64.29 costs of the development, acquisition, construction, improvement, and securing and paying
64.30 debt service on bonds or other obligations issued to fund the projects specifically approved
64.31 by the voters at the referendum authorizing the tax or extending the tax. The portion of
64.32 revenues from the city going to fund the regional airport or regional library located in the
64.33 city of St. Cloud will be as required under the applicable joint powers agreement.

65.1 (c) The use of revenues received from the taxes authorized in subdivision 1 for
65.2 projects allowed under paragraphs (a) and (b) are limited to the amount authorized for
65.3 each project under the enabling referendum.

65.4 **EFFECTIVE DATE.** This section is effective for the city that approves them the
65.5 day after compliance by the governing body of each city with Minnesota Statutes, section
65.6 645.021, subdivision 3.

65.7 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
65.8 4, is amended to read:

65.9 Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St. Cloud,
65.10 St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires when the
65.11 city council determines that sufficient funds have been collected from the tax to retire or
65.12 redeem the bonds and obligations authorized under subdivision 2, paragraph (a), but no
65.13 later than December 31, 2018. Notwithstanding Minnesota Statutes, section 297A.99,
65.14 subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed under
65.15 subdivision 1 through December 31, 2038, if approved under the referendum authorizing
65.16 the tax under subdivision 1 or if approved by voters of the city at a general election held
65.17 no later than November 6, 2017.

65.18 **EFFECTIVE DATE.** This section is effective for the city that approves them the
65.19 day after compliance by the governing body of each city with Minnesota Statutes, section
65.20 645.021, subdivision 3.

65.21 Sec. 14. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by
65.22 Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

65.23 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,
65.24 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be
65.25 used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside
65.26 Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring
65.27 Street Park; improvements to and extension of the River County bike trail; acquisition;
65.28 and construction, improvement, and development of regional parks, bicycle trails, park
65.29 land, open space, and of a pedestrian walkways, as described in the city improvement plan
65.30 adopted by the city council by resolution on December 12, 2006, and walkway over
65.31 Interstate 94 and State Highway 24; and the acquisition of land and construction of
65.32 buildings for a community and recreation center. The total amount of revenues from the

66.1 taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000
66.2 plus any associated bond costs.

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

66.6 Sec. 15. **REPEALER.**

66.7 (a) Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, is
66.8 repealed.

66.9 (b) Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter
66.10 389, article 5, section 4, is repealed.

66.11 **EFFECTIVE DATE.** Paragraph (a) is effective for taxes due and payable after June
66.12 30, 2012. Paragraph (b) is effective the day following final enactment.

66.13 **ARTICLE 4**

66.14 **LOCAL DEVELOPMENT**

66.15 Section 1. Minnesota Statutes 2010, section 469.174, subdivision 2, is amended to read:

66.16 Subd. 2. **Authority.** "Authority" means a rural development financing authority
66.17 created pursuant to sections 469.142 to 469.151; a housing and redevelopment authority
66.18 created pursuant to sections 469.001 to 469.047; a port authority created pursuant to
66.19 sections 469.048 to 469.068; an economic development authority created pursuant to
66.20 sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to
66.21 469.165; a municipality that is administering a development district created pursuant to
66.22 sections 469.124 to 469.134 or any special law; a municipality that undertakes a project
66.23 pursuant to sections 469.152 to 469.165, except a town located outside the metropolitan
66.24 area or with a population of 5,000 persons or less; a municipality that undertakes a project
66.25 located in an area designated under subdivision 30; or a municipality that exercises the
66.26 powers of a port authority pursuant to any general or special law.

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

66.28 Sec. 2. Minnesota Statutes 2010, section 469.174, subdivision 10, is amended to read:

66.29 Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of
66.30 tax increment financing district consisting of a project, or portions of a project, within
66.31 which the authority finds by resolution that one or more of the following conditions,
66.32 reasonably distributed throughout the district, exists:

67.1 (1) parcels consisting of 70 percent of the area of the district are occupied by
67.2 buildings, streets, utilities, paved or gravel parking lots, or other similar structures and
67.3 ~~more than~~ 50 percent or more of the buildings, not including outbuildings, are structurally
67.4 substandard to a degree requiring substantial renovation or clearance;

67.5 (2) the property consists of vacant, unused, underused, inappropriately used, or
67.6 infrequently used rail yards, rail storage facilities, or excessive or vacated railroad
67.7 rights-of-way;

67.8 (3) tank facilities, or property whose immediately previous use was for tank
67.9 facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

67.10 (i) have or had a capacity of more than 1,000,000 gallons;

67.11 (ii) are located adjacent to rail facilities; and

67.12 (iii) have been removed or are unused, underused, inappropriately used, or
67.13 infrequently used; or

67.14 (4) a qualifying disaster area, as defined in subdivision 10b.

67.15 (b) For purposes of this subdivision, "structurally substandard" shall mean
67.16 containing defects in structural elements or a combination of deficiencies in essential
67.17 utilities and facilities, light and ventilation, fire protection including adequate egress,
67.18 layout and condition of interior partitions, or similar factors, which defects or deficiencies
67.19 are of sufficient total significance to justify substantial renovation or clearance.

67.20 (c) A building is not structurally substandard if it is in compliance with the building
67.21 code applicable to new buildings or could be modified to satisfy the building code at
67.22 a cost of less than 15 percent of the cost of constructing a new structure of the same
67.23 square footage and type on the site. The municipality may find that a building is not
67.24 disqualified as structurally substandard under the preceding sentence on the basis of
67.25 reasonably available evidence, such as the size, type, and age of the building, the average
67.26 cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The
67.27 municipality may not make such a determination without an interior inspection of the
67.28 property, but need not have an independent, expert appraisal prepared of the cost of repair
67.29 and rehabilitation of the building. An interior inspection of the property is not required,
67.30 if the municipality finds that (1) the municipality or authority is unable to gain access to
67.31 the property after using its best efforts to obtain permission from the party that owns or
67.32 controls the property; and (2) the evidence otherwise supports a reasonable conclusion that
67.33 the building is structurally substandard. Items of evidence that support such a conclusion
67.34 include recent fire or police inspections, on-site property tax appraisals or housing
67.35 inspections, exterior evidence of deterioration, or other similar reliable evidence. Written
67.36 documentation of the findings and reasons why an interior inspection was not conducted

68.1 must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a
68.2 building to be disqualified under the provisions of this paragraph is a necessary, but not a
68.3 sufficient, condition to determining that the building is substandard.

68.4 (d) A parcel is deemed to be occupied by a structurally substandard building
68.5 for purposes of the finding under paragraph (a) or by the improvements described in
68.6 paragraph (e) if all of the following conditions are met:

68.7 (1) the parcel was occupied by a substandard building or met the requirements
68.8 of paragraph (e), as the case may be, within three years of the filing of the request for
68.9 certification of the parcel as part of the district with the county auditor;

68.10 (2) the substandard building or the improvements described in paragraph (e) were
68.11 demolished or removed by the authority or the demolition or removal was financed by the
68.12 authority or was done by a developer under a development agreement with the authority;

68.13 (3) the authority found by resolution before the demolition or removal that the
68.14 parcel was occupied by a structurally substandard building or met the requirements of
68.15 paragraph (e) and that after demolition and clearance the authority intended to include
68.16 the parcel within a district; and

68.17 (4) upon filing the request for certification of the tax capacity of the parcel as part
68.18 of a district, the authority notifies the county auditor that the original tax capacity of the
68.19 parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (f).

68.20 (e) For purposes of this subdivision, a parcel is not occupied by buildings, streets,
68.21 utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the
68.22 area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or
68.23 other similar structures.

68.24 (f) For districts consisting of two or more noncontiguous areas, each area must
68.25 qualify as a redevelopment district under paragraph (a) to be included in the district, and
68.26 the entire area of the district must satisfy paragraph (a).

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

68.28 Sec. 3. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision
68.29 to read:

68.30 **Subd. 19a. Soil deficiency district.** "Soil deficiency district" means a type of tax
68.31 increment financing district consisting of a project, or portions of a project, within which
68.32 the authority finds by resolution that the following conditions exist:

68.33 (1) parcels consisting of 70 percent of the area of the district contain unusual terrain
68.34 or soil deficiencies which require substantial filling, grading, or other physical preparation

69.1 for use and a parcel is eligible for inclusion if at least 50 percent of the area of the parcel
69.2 requires substantial filling, grading, or other physical preparation for use; and

69.3 (2) the estimated cost of the physical preparation under clause (1), but excluding
69.4 costs directly related to roads as defined in section 160.01, and local improvements as
69.5 described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01,
69.6 exceeds the fair market value of the land before completion of the preparation.

69.7 **EFFECTIVE DATE.** This section is effective for districts for which the request for
69.8 certification is made after April 30, 2012.

69.9 Sec. 4. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision
69.10 to read:

69.11 Subd. 30. **Mining reclamation project area.** (a) An authority may designate an
69.12 area within its jurisdiction as a mining reclamation project area by finding by resolution,
69.13 that parcels consisting of at least 70 percent of the acreage, excluding street and railroad
69.14 rights-of-way, are characterized by one or more of the following conditions:

69.15 (1) peat or other soils with geotechnical deficiencies that impair development of
69.16 buildings or infrastructure;

69.17 (2) soils or terrain that requires substantial filling in order to permit the development
69.18 of buildings or infrastructure;

69.19 (3) landfills, dumps, or similar deposits of municipal or private waste;

69.20 (4) quarries or similar resource extraction sites;

69.21 (5) floodway; and

69.22 (6) substandard buildings, within the meaning of section 469.174, subdivision 10.

69.23 (b) For the purposes of paragraph (a), clauses (1) to (5), a parcel is characterized by
69.24 the relevant condition if at least 50 percent of the area of the parcel contains the relevant
69.25 condition. For the purposes of paragraph (a), clause (6), a parcel is characterized by
69.26 substandard buildings if substandard buildings occupy at least 30 percent of the area
69.27 of the parcel.

69.28 **EFFECTIVE DATE.** This section is effective for districts for which the request for
69.29 certification is made after April 30, 2012.

69.30 Sec. 5. Minnesota Statutes 2010, section 469.175, subdivision 3, is amended to read:

69.31 Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original
69.32 net tax capacity of a tax increment financing district until the tax increment financing plan
69.33 proposed for that district has been approved by the municipality in which the district

70.1 is located. If an authority that proposes to establish a tax increment financing district
70.2 and the municipality are not the same, the authority shall apply to the municipality in
70.3 which the district is proposed to be located and shall obtain the approval of its tax
70.4 increment financing plan by the municipality before the authority may use tax increment
70.5 financing. The municipality shall approve the tax increment financing plan only after a
70.6 public hearing thereon after published notice in a newspaper of general circulation in the
70.7 municipality at least once not less than ten days nor more than 30 days prior to the date
70.8 of the hearing. The published notice must include a map of the area of the district from
70.9 which increments may be collected and, if the project area includes additional area, a map
70.10 of the project area in which the increments may be expended. The hearing may be held
70.11 before or after the approval or creation of the project or it may be held in conjunction with
70.12 a hearing to approve the project.

70.13 (b) Before or at the time of approval of the tax increment financing plan, the
70.14 municipality shall make the following findings, and shall set forth in writing the reasons
70.15 and supporting facts for each determination:

70.16 (1) that the proposed tax increment financing district is a redevelopment district, a
70.17 renewal or renovation district, a housing district, a soils condition district, soil deficiency
70.18 district, or an economic development district; if the proposed district is a redevelopment
70.19 district or a renewal or renovation district, the reasons and supporting facts for the
70.20 determination that the district meets the criteria of section 469.174, subdivision 10,
70.21 paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing
70.22 and retained and made available to the public by the authority until the district has been
70.23 terminated;

70.24 (2) that, in the opinion of the municipality:

70.25 (i) the proposed development or redevelopment would not reasonably be expected to
70.26 occur solely through private investment within the reasonably foreseeable future; and

70.27 (ii) the increased market value of the site that could reasonably be expected to occur
70.28 without the use of tax increment financing would be less than the increase in the market
70.29 value estimated to result from the proposed development after subtracting the present
70.30 value of the projected tax increments for the maximum duration of the district permitted
70.31 by the plan. The requirements of this item do not apply if the district is a housing district;

70.32 (3) that the tax increment financing plan conforms to the general plan for the
70.33 development or redevelopment of the municipality as a whole;

70.34 (4) that the tax increment financing plan will afford maximum opportunity,
70.35 consistent with the sound needs of the municipality as a whole, for the development or
70.36 redevelopment of the project by private enterprise;

71.1 (5) that the municipality elects the method of tax increment computation set forth in
71.2 section 469.177, subdivision 3, paragraph (b), if applicable; and

71.3 (6) that for a redevelopment district, renewal and renovation district, soils condition
71.4 district, or soil deficiency district established by the authority in a mining reclamation
71.5 project area, the reasons and supporting facts for the determination that the mining
71.6 reclamation project area meets the requirements under section 469.174, subdivision 30,
71.7 must be documented in writing and retained and made available to the public by the
71.8 authority until two years after the district is decertified. These findings must have been
71.9 made and documented no more than ten years before approval of the tax increment
71.10 financing plan for the district.

71.11 (c) When the municipality and the authority are not the same, the municipality shall
71.12 approve or disapprove the tax increment financing plan within 60 days of submission by
71.13 the authority. When the municipality and the authority are not the same, the municipality
71.14 may not amend or modify a tax increment financing plan except as proposed by the
71.15 authority pursuant to subdivision 4. Once approved, the determination of the authority
71.16 to undertake the project through the use of tax increment financing and the resolution of
71.17 the governing body shall be conclusive of the findings therein and of the public need for
71.18 the financing.

71.19 (d) For a district that is subject to the requirements of paragraph (b), clause (2),
71.20 item (ii), the municipality's statement of reasons and supporting facts must include all of
71.21 the following:

71.22 (1) an estimate of the amount by which the market value of the site will increase
71.23 without the use of tax increment financing;

71.24 (2) an estimate of the increase in the market value that will result from the
71.25 development or redevelopment to be assisted with tax increment financing; and

71.26 (3) the present value of the projected tax increments for the maximum duration of
71.27 the district permitted by the tax increment financing plan.

71.28 (e) For purposes of this subdivision, "site" means the parcels on which the
71.29 development or redevelopment to be assisted with tax increment financing will be located.

71.30 **EFFECTIVE DATE.** This section is effective for districts for which the request for
71.31 certification is made after April 30, 2012.

71.32 Sec. 6. Minnesota Statutes 2010, section 469.176, subdivision 1b, is amended to read:

71.33 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be
71.34 paid to the authority:

72.1 (1) after 15 years after receipt by the authority of the first increment for a renewal
72.2 and renovation district;

72.3 (2) after 20 years after receipt by the authority of the first increment for a soils
72.4 condition district or a soil deficiency district;

72.5 (3) after eight years after receipt by the authority of the first increment for an
72.6 economic development district;

72.7 (4) for a housing district, a compact development district, or a redevelopment
72.8 district, after 25 years from the date of receipt by the authority of the first increment.

72.9 (b) For purposes of determining a duration limit under this subdivision or subdivision
72.10 1e that is based on the receipt of an increment, any increments from taxes payable in
72.11 the year in which the district terminates shall be paid to the authority. This paragraph
72.12 does not affect a duration limit calculated from the date of approval of the tax increment
72.13 financing plan or based on the recovery of costs or to a duration limit under subdivision
72.14 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
72.15 subdivision 1f.

72.16 (c) An action by the authority to waive or decline to accept an increment has no
72.17 effect for purposes of computing a duration limit based on the receipt of increment under
72.18 this subdivision or any other provision of law. The authority is deemed to have received an
72.19 increment for any year in which it waived or declined to accept an increment, regardless
72.20 of whether the increment was paid to the authority.

72.21 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a
72.22 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph
72.23 (b), does not constitute receipt of increment by the overlying district for the purpose of
72.24 calculating the duration limit under this section.

72.25 **EFFECTIVE DATE.** This section is effective for districts for which the request for
72.26 certification is made after April 30, 2012.

72.27 Sec. 7. Minnesota Statutes 2010, section 469.176, subdivision 4b, is amended to read:

72.28 Subd. 4b. **Soils condition districts.** Revenue derived from Tax increment from a
72.29 soils condition district may be used only to (1) acquire parcels on which the improvements
72.30 described in clause (2) will occur; (2) pay for the cost of removal or remedial action; and
72.31 (3) pay for the administrative expenses of the authority allocable to the district, including
72.32 the cost of preparation of the development action response plan. For a soils condition
72.33 district located in a mining reclamation project area, tax increments may also be expended
72.34 on the additional cost of public improvements directly caused by the removal or remedial
72.35 action and located within the mining reclamation project area.

73.1 **EFFECTIVE DATE.** This section is effective for districts for which the request for
73.2 certification is made after April 30, 2012.

73.3 Sec. 8. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4c, is
73.4 amended to read:

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

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

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

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

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

73.17 (5) tourism facilities;

73.18 (6) qualified border retail facilities; or

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

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

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

73.32 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements
73.33 of section 469.174, subdivision 12, tax increments from an economic development district
73.34 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or

74.1 assistance in any form to developments consisting of buildings and ancillary facilities, if
74.2 all the following conditions are met:

74.3 (1) the municipality finds that the project will create or retain jobs in this state,
74.4 including construction jobs, and that construction of the project would not have
74.5 commenced before ~~July 1, 2012~~ January 1, 2014, without the authority providing
74.6 assistance under the provisions of this paragraph;

74.7 (2) construction of the project begins no later than ~~July 1, 2012~~ January 1, 2014;

74.8 (3) the request for certification of the district is made no later than ~~June 30, 2012~~
74.9 December 31, 2013; and

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

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

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

74.16 Sec. 9. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4m, is
74.17 amended to read:

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

74.23 (1) to provide improvements, loans, interest rate subsidies, or assistance in any
74.24 form to private development consisting of the construction or substantial rehabilitation of
74.25 buildings and ancillary facilities, if doing so will create or retain jobs in this state, including
74.26 construction jobs, and that the construction commences before ~~July 1, 2012~~ January 1,
74.27 2014, and would not have commenced before that date without the assistance; or

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

74.31 (b) The authority may undertake actions under the authority of this subdivision only
74.32 after approval by the municipality of a written spending plan that specifically authorizes
74.33 the authority to take the actions. The municipality shall approve the spending plan only
74.34 after a public hearing after published notice in a newspaper of general circulation in

75.1 the municipality at least once, not less than ten days nor more than 30 days prior to the
75.2 date of the hearing.

75.3 (c) The authority to spend tax increments under this subdivision expires ~~December~~
75.4 ~~31, 2012~~ June 30, 2014.

75.5 (d) For a development consisting of housing, the authority to spend tax increments
75.6 under this subdivision expires December 31, 2011, and construction must commence
75.7 before July 1, 2011, except the authority to spend tax increments on market rate housing
75.8 developments under this subdivision expires July 31, 2012, and construction must
75.9 commence before January 1, 2012.

75.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
75.11 and applies to all tax increment financing districts, regardless of when the request for
75.12 certification was made.

75.13 Sec. 10. Minnesota Statutes 2010, section 469.176, is amended by adding a subdivision
75.14 to read:

75.15 Subd. 4n. **Soil deficiency district.** Tax increments from a soil deficiency district
75.16 may only be used to pay for the following costs for activities located within the mining
75.17 reclamation project area:

75.18 (1) acquisition of parcels on which the improvements described in clause (2) will
75.19 occur;

75.20 (2) the cost of correcting the unusual terrain or soil deficiencies and the additional
75.21 cost of installing public improvements directly caused by the deficiencies;

75.22 (3) administrative expenses of the authority allocable to the district; and

75.23 (4) costs described in subdivision 4j for the district, if these payments do not exceed
75.24 25 percent of the tax increment from the district.

75.25 **EFFECTIVE DATE.** This section is effective for districts for which the request for
75.26 certification is made after April 30, 2012.

75.27 Sec. 11. Minnesota Statutes 2011 Supplement, section 469.1763, subdivision 2,
75.28 is amended to read:

75.29 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
75.30 district, an amount equal to at least 75 percent of the total revenue derived from tax
75.31 increments paid by properties in the district must be expended on activities in the district
75.32 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
75.33 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.

76.1 For districts, other than redevelopment districts for which the request for certification
76.2 was made after June 30, 1995, the in-district percentage for purposes of the preceding
76.3 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
76.4 increments paid by properties in the district may be expended, through a development fund
76.5 or otherwise, on activities outside of the district but within the defined geographic area of
76.6 the project except to pay, or secure payment of, debt service on credit enhanced bonds.

76.7 For districts, other than redevelopment districts for which the request for certification was
76.8 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
76.9 20 percent. The revenue derived from tax increments for the district that are expended on
76.10 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
76.11 calculating the percentages that must be expended within and without the district.

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

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

76.18 (d) The authority may elect, in the tax increment financing plan for the district,
76.19 to increase by up to ten percentage points the permitted amount of expenditures for
76.20 activities located outside the geographic area of the district under paragraph (a). As
76.21 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
76.22 expenditures under paragraph (a), need not be made within the geographic area of the
76.23 project. Expenditures that meet the requirements of this paragraph are legally permitted
76.24 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, 4d, and
76.25 4j. To qualify for the increase under this paragraph, the expenditures must:

76.26 (1) be used exclusively to assist housing that

76.27 (i) meets the requirement for a qualified low-income building, as that term is used in
76.28 section 42 of the Internal Revenue Code; ~~and~~

76.29 ~~(2)~~ (ii) ~~does~~ not exceed the qualified basis of the housing, as defined under section
76.30 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section
76.31 42 of the Internal Revenue Code; and

76.32 ~~(3)~~ be (iii) is used to:

76.33 ~~(i)~~ (A) acquire and prepare the site of the housing;

76.34 ~~(ii)~~ (B) acquire, construct, or rehabilitate the housing; or

76.35 ~~(iii)~~ (C) make public improvements directly related to the housing; or

76.36 ~~(4)~~ (2) be used to develop housing:

77.1 (i) if the market value of the housing prior to demolition or rehabilitation does
77.2 not exceed the lesser of:

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

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

77.7 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
77.8 demolition of existing structures, site preparation, rehabilitation, and pollution abatement
77.9 on one or more parcels, ~~if provided that the parcel contains a residence containing is~~
77.10 occupied by one to four family dwelling units that has been vacant for six or more months
77.11 ~~and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to~~
77.12 ~~whether the residence is the owner's principal residence, and only after the redemption~~
77.13 ~~period stated in the notice provided under section 580.06 has expired with respect to which~~
77.14 a mortgage was foreclosed under chapter 580, 581, or 582; any applicable redemption
77.15 period has expired without redemption; and the authority or developer enters into a
77.16 purchase agreement to acquire the parcel no earlier than 30 days after expiration of the
77.17 redemption period.

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

77.25 (f) The authority under paragraph (d), clause ~~(4)~~ (2), expires on December 31, 2016.
77.26 Increments may continue to be expended under this authority after that date, if they are
77.27 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
77.28 (a), if December 31, 2016, is considered to be the last date of the five-year period after
77.29 certification under that provision.

77.30 (g) The authority may elect, in the tax increment financing plan, for a district located
77.31 in a mining reclamation area that "activities within the district" under paragraph (a)
77.32 includes activities within the geographic area of the mining reclamation area.

77.33 **EFFECTIVE DATE.** This section is effective for any district that is subject to
77.34 the provisions of Minnesota Statutes, section 469.1763, regardless of when the request
77.35 for certification was made, except the amendment adding paragraph (g) is effective for
77.36 districts for which the request for certification was made after April 30, 2012.

78.1 Sec. 12. Minnesota Statutes 2010, section 469.1763, subdivision 3, is amended to read:

78.2 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered
78.3 to have been expended on an activity within the district under subdivision 2 only if one
78.4 of the following occurs:

78.5 (1) before or within five years after certification of the district, the revenues are
78.6 actually paid to a third party with respect to the activity;

78.7 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
78.8 sold to a third party before or within five years after certification, the revenues are spent
78.9 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
78.10 reasonably expected to be spent before the end of the later of (i) the five-year period, or
78.11 (ii) a reasonable temporary period within the meaning of the use of that term under section
78.12 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
78.13 or replacement fund;

78.14 (3) binding contracts with a third party are entered into for performance of the
78.15 activity before or within five years after certification of the district and the revenues are
78.16 spent under the contractual obligation;

78.17 (4) costs with respect to the activity are paid before or within five years after
78.18 certification of the district and the revenues are spent to reimburse a party for payment
78.19 of the costs, including interest on unreimbursed costs; or

78.20 (5) expenditures are made for housing purposes as permitted by subdivision 2,
78.21 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted
78.22 by subdivision 2, paragraph (e).

78.23 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if
78.24 the original refunded bonds meet the requirements of paragraph (a), clause (2).

78.25 (c) For a redevelopment district or a renewal and renovation district certified after
78.26 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph
78.27 (a) are extended to ten years after certification of the district. This extension is provided
78.28 primarily to accommodate delays in development activities due to unanticipated economic
78.29 circumstances.

78.30 (d) If the authority so elects in the tax increment financing plan for a redevelopment
78.31 district, renewal and renovation district, soils condition district, or soil deficiency district
78.32 located in a mining reclamation project area, the five-year periods described in paragraph
78.33 (a) do not apply.

78.34 **EFFECTIVE DATE.** This section is effective for districts for which the request for
78.35 certification is made after April 30, 2012.

79.1 Sec. 13. Minnesota Statutes 2010, section 469.1763, subdivision 4, is amended to read:

79.2 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the
79.3 sixth year following certification of the district, if the applicable in-district percent of the
79.4 revenues derived from tax increments paid by properties in the district exceeds the amount
79.5 of expenditures that have been made for costs permitted under subdivision 3, an amount
79.6 equal to the difference between the in-district percent of the revenues derived from tax
79.7 increments paid by properties in the district and the amount of expenditures that have
79.8 been made for costs permitted under subdivision 3 must be used and only used to pay or
79.9 defease the following or be set aside to pay the following:

79.10 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

79.11 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

79.12 (3) credit enhanced bonds to which the revenues derived from tax increments are
79.13 pledged, but only to the extent that revenues of the district for which the credit enhanced
79.14 bonds were issued are insufficient to pay the bonds and to the extent that the increments
79.15 from the applicable pooling percent share for the district are insufficient; or

79.16 (4) the amount provided by the tax increment financing plan to be paid under
79.17 subdivision 2, paragraphs (b), (d), and (e).

79.18 (b) The district must be decertified and the pledge of tax increment discharged
79.19 when the outstanding bonds have been defeased and when sufficient money has been set
79.20 aside to pay, based on the increment to be collected through the end of the calendar year,
79.21 the following amounts:

79.22 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3)
79.23 and (4);

79.24 (2) the amount specified in the tax increment financing plan for activities qualifying
79.25 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
79.26 qualifying under paragraph (a), clause (1); and

79.27 (3) the additional expenditures permitted by the tax increment financing plan for
79.28 housing activities under an election under subdivision 2, paragraph (d), that have not been
79.29 funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

79.30 (c) If the authority so elects in the tax increment financing plan for a redevelopment
79.31 district, renewal and renovation district, soils condition district, or soil deficiency district
79.32 located in a mining reclamation project area, the provisions of this section do not apply.

79.33 **EFFECTIVE DATE.** This section is effective for districts for which the request for
79.34 certification is made after April 30, 2012.

80.1 Sec. 14. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,
80.2 chapter 88, article 5, section 11, is amended to read:

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

80.4 Subdivision 1. Original tax capacity election. (a) The provisions of this section
80.5 apply to redevelopment tax increment financing districts created by the Housing and
80.6 Redevelopment Authority in and for the city of Oakdale in the areas comprised of
80.7 the parcels with the following parcel identification numbers: (1) 3102921320053;
80.8 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058;
80.9 3102921320062; 3102921320063; 3102921320059; 3102921320060; 3102921320061;
80.10 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

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

80.15 (c) The authority to request certification of a district under this section expires on
80.16 ~~July 1, 2013~~ December 31, 2017.

80.17 Subd. 2. Parcels deemed occupied. (a) Parcel numbers 3102921320054,
80.18 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004
80.19 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision
80.20 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the
80.21 following conditions are met:

80.22 (1) a building located on any part of each of the specified parcels was demolished
80.23 after the authority adopted a resolution under Minnesota Statutes, section 469.174,
80.24 subdivision 10, paragraph (d), clause (3);

80.25 (2) the building was removed either by the authority, by a developer under a
80.26 development agreement with the authority, or by the owner of the property without
80.27 entering into a development agreement with the authority; and

80.28 (3) the request for certification of the parcel as part of a district is filed with the
80.29 county auditor by December 31, 2017.

80.30 (b) The provisions of subdivision 1 apply to allow an election by the authority
80.31 for the parcels deemed occupied under paragraph (a), notwithstanding the provisions
80.32 of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177,
80.33 subdivision 1, paragraph (f).

80.34 EFFECTIVE DATE. This section is effective upon compliance by the governing
80.35 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,
80.36 subdivision 3.

81.1 Sec. 15. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

81.2 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464,
81.3 article 1, section 8, or any other law to the contrary, the city of Bloomington and its port
81.4 authority may extend the duration limits of tax increment financing district No. 1-G,
81.5 containing the former Met Center property, including Lindau Lane and that portion of tax
81.6 increment financing district No. 1-C north of the existing building line on Lot 1, Block 1,
81.7 Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2038.

81.8 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
81.9 bodies of the city of Bloomington, Hennepin County, and Independent School District
81.10 No. 271, Bloomington, with the requirements of Minnesota Statutes, sections 469.1782,
81.11 subdivision 2, and 645.021, subdivision 3.

81.12 Sec. 16. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**
81.13 **EXTENSION.**

81.14 Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other
81.15 law to the contrary, the city of Bloomington and its port authority may extend the duration
81.16 limits of Tax Increment Financing District No. 1-I, containing the Bloomington Central
81.17 Station property for a period through December 31, 2038.

81.18 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
81.19 body of the city of Bloomington with the requirements of Minnesota Statutes, sections
81.20 469.1782, subdivision 2, and 645.021, subdivision 3.

81.21 Sec. 17. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AUTHORITY;**
81.22 **TAX INCREMENT FINANCING DISTRICT.**

81.23 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law,
81.24 the Dakota County Community Development Authority may establish a redevelopment
81.25 tax increment financing district comprised of the properties that (1) were included in the
81.26 CDA 10 Robert and South Street district in the city of West St. Paul, and (2) were not
81.27 decertified before July 1, 2012. The district created under this section terminates no later
81.28 than December 31, 2027.

81.29 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district
81.30 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located
81.31 within the district. Minnesota Statutes, section 469.176, subdivisions 4g, paragraph (c),

82.1 clause (1), item (ii), 4j, and 4l, do not apply to the district. The original tax capacity
82.2 of the district is \$93,239.

82.3 Subd. 3. **Authorized expenditures.** Tax increment from the district may be
82.4 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter
82.5 469, within the redevelopment area that includes the district. All such expenditures are
82.6 deemed to be activities within the district under Minnesota Statutes, section 469.1763,
82.7 subdivisions 2, 3, and 4.

82.8 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must
82.9 be included in the adjusted net tax capacity of the city, county, and school district for the
82.10 purposes of determining local government aid, education aid, and county program aid.
82.11 The county auditor shall report to the commissioner of revenue the amount of the captured
82.12 tax capacity for the district at the time the assessment abstracts are filed.

82.13 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
82.14 body of the Dakota County Community Development Authority with the requirements of
82.15 Minnesota Statutes, section 645.021, subdivision 3.

82.16 Sec. 18. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING;**
82.17 **SPECIAL RULES.**

82.18 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
82.19 activities must be undertaken within a five-year period from the date of certification of a tax
82.20 increment financing district, is considered to be met for Tax Increment Financing District
82.21 No. 23 in the city of Brooklyn Park if the activities were undertaken by July 1, 2014.

82.22 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
82.23 body of the city of Brooklyn Park with the requirements of Minnesota Statutes, section
82.24 645.021, subdivision 3.

82.25 **ARTICLE 5**

82.26 **ESTATE TAXES**

82.27 Section 1. Minnesota Statutes 2010, section 289A.10, is amended by adding a
82.28 subdivision to read:

82.29 Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided
82.30 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as
82.31 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of
82.32 the decedent's estate must submit a recapture tax return to the commissioner.

83.1 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
83.2 June 30, 2011.

83.3 Sec. 2. Minnesota Statutes 2010, section 289A.12, is amended by adding a subdivision
83.4 to read:

83.5 Subd. 18. **Returns by qualified heirs.** Within 24 months and within 36 months
83.6 after a decedent's death, a qualified heir, as defined under section 291.03, subdivision 8,
83.7 paragraph (c), must file a return with the commissioner relating to the qualified property
83.8 received from the decedent.

83.9 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
83.10 June 30, 2011.

83.11 Sec. 3. Minnesota Statutes 2010, section 289A.18, is amended by adding a subdivision
83.12 to read:

83.13 Subd. 3a. **Recapture tax return.** A recapture tax return is due within six months
83.14 after the date of the disposition or cessation as provided by section 291.03, subdivision
83.15 11, paragraph (a).

83.16 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
83.17 June 30, 2011.

83.18 Sec. 4. Minnesota Statutes 2010, section 289A.20, subdivision 3, is amended to read:

83.19 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,
83.20 take effect at and upon the death of the person whose estate is subject to taxation and are
83.21 due and payable on or before the expiration of nine months from that death.

83.22 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
83.23 June 30, 2011.

83.24 Sec. 5. Minnesota Statutes 2010, section 289A.20, is amended by adding a subdivision
83.25 to read:

83.26 Subd. 3a. **Recapture tax.** Taxes imposed by section 291.03, subdivision 11,
83.27 paragraph (b), are due and payable on or before the expiration of six months from the date
83.28 of disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a).

83.29 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
83.30 June 30, 2011.

84.1 Sec. 6. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 8, is
84.2 amended to read:

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

84.5 (b) "Family member" means a family member as defined in section 2032A(e)(2) of
84.6 the Internal Revenue Code or a trust whose present beneficiaries are all family members as
84.7 defined in section 2032A(e)(2) of the Internal Revenue Code.

84.8 (c) "Qualified heir" means a family member who acquired qualified property ~~from~~
84.9 upon the death of the decedent and satisfies the requirement under subdivision 9, clause
84.10 ~~(6) (7)~~, or subdivision 10, clause ~~(4) (5)~~, for the property.

84.11 (d) "Qualified property" means qualified small business property under subdivision
84.12 9 and qualified farm property under subdivision 10.

84.13 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
84.14 June 30, 2011.

84.15 Sec. 7. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 9, is
84.16 amended to read:

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

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

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

84.22 ~~The decedent or the decedent's spouse must have materially participated in the trade or~~
84.23 ~~business within the meaning of section 469 of the Internal Revenue Code during the~~
84.24 ~~taxable year that ended before the date of the decedent's death.~~ Shares of stock in a

84.25 corporation or an ownership interest in another type of entity do not qualify under this
84.26 subdivision if the shares or ownership interests are traded on a public stock exchange at

84.27 any time during the three-year period ending on the decedent's date of death. For purposes
84.28 of this subdivision, an ownership interest includes the interest the decedent is deemed to
84.29 own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

84.30 (3) During the decedent's taxable year that ended before the decedent's death, the
84.31 trade or business must not have been a passive activity within the meaning of section
84.32 469(c) of the Internal Revenue Code and the decedent or the decedent's spouse must have
84.33 materially participated in the trade or business within the meaning of section 469(h) of the
84.34 Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and
84.35 any other provision provided by Treasury Department regulation that substitutes material

85.1 participation in prior taxable years for material participation in the taxable year that ended
85.2 before the decedent's death.

85.3 ~~(3)~~ (4) The gross annual sales of the trade or business were \$10,000,000 or less for
85.4 the last taxable year that ended before the date of the death of the decedent.

85.5 ~~(4)~~ (5) The property does not consist of cash ~~or~~, cash equivalents, publicly traded
85.6 securities, or assets not used in the operation of the trade or business. For property
85.7 consisting of shares of stock or other ownership interests in an entity, the amount value of
85.8 cash ~~or~~, cash equivalents, publicly traded securities, or assets not used in the operation of
85.9 the trade or business held by the corporation or other entity must be deducted from the
85.10 value of the property qualifying under this subdivision in proportion to the decedent's
85.11 share of ownership of the entity on the date of death.

85.12 ~~(5)~~ (6) The decedent continuously owned the property, including property the
85.13 decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue
85.14 Code, for the three-year period ending on the date of death of the decedent. In the case of
85.15 a sole proprietor, if the property replaced similar property within the three-year period,
85.16 the replacement property will be treated as having been owned for the three-year period
85.17 ending on the date of death of the decedent.

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

85.20 (7) For three years following the date of death of the decedent, the trade or business
85.21 is not a passive activity within the meaning of section 469(c) of the Internal Revenue
85.22 Code and a family member materially participates in the operation of the trade or business
85.23 within the meaning of section 469(h) of the Internal Revenue Code, excluding section
85.24 469(h)(3) of the Internal Revenue Code and any other provision provided by Treasury
85.25 Department regulation that substitutes material participation in prior taxable years for
85.26 material participation in the three years following the date of death of the decedent.

85.27 ~~(7)~~ (8) The estate and the qualified heir elect to treat the property as qualified small
85.28 business property and agree, in the form prescribed by the commissioner, to pay the
85.29 recapture tax under subdivision 11, if applicable.

85.30 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
85.31 June 30, 2011.

85.32 Sec. 8. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 10, is
85.33 amended to read:

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

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

86.2 (2) The property consists of agricultural land as defined by section 500.24,
86.3 subdivision 2, paragraph (g), and owned by a farm meeting the requirements of person
86.4 or entity that is not excluded from owning agricultural land by section 500.24, and was
86.5 classified for property tax purposes as the homestead of the decedent or the decedent's
86.6 spouse or both under section 273.124, and as class 2a property under section 273.13,
86.7 subdivision 23.

86.8 (3) For property taxes payable in the year of decedent's death, the decedent's interest
86.9 in the property was classified as the homestead of the decedent or the decedent's spouse or
86.10 both under section 273.124, and as class 2a property under section 273.13, subdivision 23.

86.11 (4) The decedent continuously owned the property, including property the decedent
86.12 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for
86.13 the three-year period ending on the date of death of the decedent either by ownership of
86.14 the agricultural land or pursuant to holding an interest in an entity that is not excluded
86.15 from owning agricultural land under section 500.24.

86.16 ~~(4) A family member continuously uses the property in the operation of the trade or~~
86.17 ~~business~~ (5) The property is classified for property tax purposes as class 2a property under
86.18 section 273.13, subdivision 23, for three years following the date of death of the decedent.

86.19 ~~(5)~~ (6) The estate and the qualified heir elect to treat the property as qualified farm
86.20 property and agree, in a form prescribed by the commissioner, to pay the recapture tax
86.21 under subdivision 11, if applicable.

86.22 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
86.23 June 30, 2011.

86.24 Sec. 9. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 11, is
86.25 amended to read:

86.26 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and
86.27 before the death of the qualified heir, the qualified heir disposes of any interest in the
86.28 qualified property, other than by a disposition to a family member or qualifying entity,
86.29 or a family member ceases to ~~use the qualified property which was acquired or passed~~
86.30 ~~from the decedent~~ satisfy the requirement under subdivision 9, clause (7); or 10, clause
86.31 (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if
86.32 the qualified heir replaces qualified small business property excluded under subdivision 9
86.33 with similar property, then the qualified heir will not be treated as having disposed of an
86.34 interest in the qualified property.

87.1 (b) The amount of the additional tax equals the amount of the exclusion claimed with
87.2 respect to the qualified interest disposed of by the estate under subdivision 8, paragraph
87.3 (d), multiplied by 16 percent.

87.4 ~~(e) The additional tax under this subdivision is due on the day which is six months~~
87.5 ~~after the date of the disposition or cessation in paragraph (a).~~

87.6 (c) For purposes of paragraph (a), "qualifying entity" means a corporation or other
87.7 entity that is owned by a family member or family members and, for qualified farm
87.8 property, that is not excluded from owning agricultural land under section 500.24.

87.9 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
87.10 June 30, 2011.

87.11 ARTICLE 6

87.12 PUBLIC FINANCE

87.13 Section 1. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

87.14 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
87.15 the meanings given.

87.16 (a) "Bonds" means an obligation as defined under section 475.51.

87.17 (b) "Capital improvement" means acquisition or betterment of public lands,
87.18 buildings, or other improvements within the county for the purpose of a county courthouse,
87.19 administrative building, health or social service facility, correctional facility, jail, law
87.20 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads
87.21 and bridges, public works facilities, fairgrounds buildings, and records and data storage
87.22 facilities, and the acquisition of development rights in the form of conservation easements
87.23 under chapter 84C. An improvement must have an expected useful life of five years or
87.24 more to qualify. "Capital improvement" does not include a recreation or sports facility
87.25 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
87.26 swimming pool, exercise room or health spa), unless the building is part of an outdoor
87.27 park facility and is incidental to the primary purpose of outdoor recreation.

87.28 (c) "Metropolitan county" means a county located in the seven-county metropolitan
87.29 area as defined in section 473.121 or a county with a population of 90,000 or more.

87.30 (d) "Population" means the population established by the most recent of the
87.31 following (determined as of the date the resolution authorizing the bonds was adopted):

87.32 (1) the federal decennial census,

87.33 (2) a special census conducted under contract by the United States Bureau of the
87.34 Census, or

88.1 (3) a population estimate made either by the Metropolitan Council or by the state
88.2 demographer under section 4A.02.

88.3 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
88.4 section 373.43.

88.5 (f) "Tax capacity" means total taxable market value, but does not include captured
88.6 market value.

88.7 Sec. 2. Minnesota Statutes 2010, section 373.40, subdivision 2, is amended to read:

88.8 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county
88.9 to finance capital improvements under an approved capital improvement plan are not
88.10 subject to the election requirements of section 375.18 or 475.58. The bonds must be
88.11 approved by vote of at least three-fifths of the members of the county board. In the case
88.12 of a metropolitan county, the bonds must be approved by vote of at least two-thirds of
88.13 the members of the county board.

88.14 (b) Before issuance of bonds qualifying under this section, the county must publish
88.15 a notice of its intention to issue the bonds and the date and time of a hearing to obtain
88.16 public comment on the matter. The notice must be published in the official newspaper
88.17 of the county or in a newspaper of general circulation in the county. The notice must be
88.18 published at least 14, but not more than 28, days before the date of the hearing.

88.19 (c) A county may issue the bonds only upon obtaining the approval of a majority of
88.20 the voters voting on the question of issuing the obligations, if a petition requesting a vote
88.21 on the issuance is signed by voters equal to five percent of the votes cast in the county in
88.22 the last county general election and is filed with the county auditor within 30 days after
88.23 the public hearing. ~~The commissioner of revenue shall prepare a suggested form of the~~
88.24 ~~question to be presented at the election~~ If the county elects not to submit the question to
88.25 the voters, the county shall not propose the issuance of bonds under this section for the
88.26 same purpose and in the same amount for a period of 365 days from the date of receipt
88.27 of the petition. If the question of issuing the bonds is submitted and not approved by the
88.28 voters, the provisions of section 475.58, subdivision 1a, apply.

88.29 Sec. 3. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

88.30 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
88.31 if the maximum amount of principal and interest to become due in any year on all the
88.32 outstanding bonds issued pursuant to this section (including the bonds to be issued) will
88.33 equal or exceed 0.12 percent of taxable market value of property in the county. Calculation
88.34 of the limit must be made using the taxable market value for the taxes payable year in

89.1 which the obligations are issued and sold, provided that, for purposes of determining
89.2 the principal and interest due in any year, the county may deduct the amount of interest
89.3 expected to be paid or reimbursed to the county by the federal government in that year on
89.4 any outstanding bonds or the bonds to be issued. This section does not limit the authority
89.5 to issue bonds under any other special or general law.

89.6 Sec. 4. Minnesota Statutes 2010, section 474A.02, subdivision 23a, is amended to read:

89.7 Subd. 23a. **Qualified bonds.** "Qualified bonds" means the specific type or types
89.8 of obligations that are subject to the annual volume cap. Qualified bonds include the
89.9 following types of obligations as defined in federal tax law:

89.10 (a) "public facility bonds" means "exempt facility bonds" as defined in federal
89.11 tax law, except for residential rental project bonds, ~~which are those obligations issued~~
89.12 ~~to finance airports, docks and wharves, mass commuting facilities, facilities for the~~
89.13 ~~furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the~~
89.14 ~~local furnishing of electric energy or gas, local district heating or cooling facilities, and~~
89.15 ~~qualified hazardous waste facilities.~~ New bonds and other obligations are ineligible to
89.16 receive state allocations or entitlement authority for public facility projects under this
89.17 section if they have been issued:

89.18 (1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt;
89.19 and

89.20 (2) more than one calendar year prior to the date of application;

89.21 (b) "residential rental project bonds" which are those obligations issued to finance
89.22 qualified residential rental projects;

89.23 (c) "mortgage bonds";

89.24 (d) "small issue bonds" issued to finance manufacturing projects and the acquisition
89.25 or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

89.26 (e) "student loan bonds" issued by or on behalf of the Minnesota Office of Higher
89.27 Education;

89.28 (f) "redevelopment bonds";

89.29 (g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as
89.30 set forth in section 141(b)5 of federal tax law; and

89.31 (h) "enterprise zone facility bonds" issued to finance facilities located within
89.32 empowerment zones or enterprise communities, as authorized under ~~Public Law 103-66,~~
89.33 ~~section 13301~~ section 1394 of the Internal Revenue Code.

89.34 Sec. 5. Minnesota Statutes 2010, section 475.521, subdivision 2, is amended to read:

90.1 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance
90.2 capital improvements under an approved capital improvements plan are not subject to the
90.3 election requirements of section 475.58. The bonds must be approved by an affirmative
90.4 vote of three-fifths of the members of a five-member governing body. In the case of a
90.5 governing body having more or less than five members, the bonds must be approved by a
90.6 vote of at least two-thirds of the members of the governing body.

90.7 (b) Before the issuance of bonds qualifying under this section, the municipality
90.8 must publish a notice of its intention to issue the bonds and the date and time of the
90.9 hearing to obtain public comment on the matter. The notice must be published in the
90.10 official newspaper of the municipality or in a newspaper of general circulation in the
90.11 municipality. Additionally, the notice may be posted on the official Web site, if any, of the
90.12 municipality. The notice must be published at least 14 but not more than 28 days before
90.13 the date of the hearing.

90.14 (c) A municipality may issue the bonds only after obtaining the approval of a
90.15 majority of the voters voting on the question of issuing the obligations, if a petition
90.16 requesting a vote on the issuance is signed by voters equal to five percent of the votes cast
90.17 in the municipality in the last municipal general election and is filed with the clerk within
90.18 30 days after the public hearing. ~~The commissioner of revenue shall prepare a suggested~~
90.19 ~~form of the question to be presented at the election~~ If the municipality elects not to submit
90.20 the question to the voters, the municipality shall not propose the issuance of bonds under
90.21 this section for the same purpose and in the same amount for a period of 365 days from the
90.22 date of receipt of the petition. If the question of issuing the bonds is submitted and not
90.23 approved by the voters, the provisions of section 475.58, subdivision 1a, apply.

90.24 Sec. 6. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

90.25 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under
90.26 this section if the maximum amount of principal and interest to become due in any
90.27 year on all the outstanding bonds issued under this section, including the bonds to be
90.28 issued, will equal or exceed 0.16 percent of the taxable market value of property in the
90.29 municipality. Calculation of the limit must be made using the taxable market value for
90.30 the taxes payable year in which the obligations are issued and sold, provided that, for
90.31 purposes of determining the principal and interest due in any year, the municipality may
90.32 deduct the amount of interest expected to be paid or reimbursed to the municipality by the
90.33 federal government in that year on any outstanding bonds or the bonds to be issued. In
90.34 the case of a municipality with a population of 2,500 or more, the bonds are subject to
90.35 the net debt limits under section 475.53. In the case of a shared facility in which more

91.1 than one municipality participates, upon compliance by each participating municipality
91.2 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
91.3 represented by the bonds shall be allocated to each participating municipality in proportion
91.4 to its required financial contribution to the financing of the shared facility, as set forth in
91.5 the joint powers agreement relating to the shared facility. This section does not limit the
91.6 authority to issue bonds under any other special or general law.

91.7 Sec. 7. Minnesota Statutes 2010, section 475.58, subdivision 3b, is amended to read:

91.8 Subd. 3b. **Street reconstruction.** (a) A municipality may, without regard to
91.9 the election requirement under subdivision 1, issue and sell obligations for street
91.10 reconstruction, if the following conditions are met:

91.11 (1) the streets are reconstructed under a street reconstruction plan that describes the
91.12 street reconstruction to be financed, the estimated costs, and any planned reconstruction
91.13 of other streets in the municipality over the next five years, and the plan and issuance of
91.14 the obligations has been approved by a vote of all of the members of the governing body
91.15 present at the meeting following a public hearing for which notice has been published in
91.16 the official newspaper at least ten days but not more than 28 days prior to the hearing; and

91.17 (2) if a petition requesting a vote on the issuance is signed by voters equal to
91.18 five percent of the votes cast in the last municipal general election and is filed with the
91.19 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds
91.20 only after obtaining the approval of a majority of the voters voting on the question of the
91.21 issuance of the obligations. If the municipality elects not to submit the question to the
91.22 voters, the municipality shall not propose the issuance of bonds under this section for the
91.23 same purpose and in the same amount for a period of 365 days from the date of receipt
91.24 of the petition. If the question of issuing the bonds is submitted and not approved by the
91.25 voters, the provisions of subdivision 1a, apply.

91.26 (b) Obligations issued under this subdivision are subject to the debt limit of the
91.27 municipality and are not excluded from net debt under section 475.51, subdivision 4.

91.28 (c) For purposes of this subdivision, street reconstruction includes utility
91.29 replacement and relocation and other activities incidental to the street reconstruction, turn
91.30 lanes and other improvements having a substantial public safety function, realignments,
91.31 other modifications to intersect with state and county roads, and the local share of state
91.32 and county road projects.

91.33 (d) Except in the case of turn lanes, safety improvements, realignments, intersection
91.34 modifications, and the local share of state and county road projects, street reconstruction

92.1 does not include the portion of project cost allocable to widening a street or adding curbs
92.2 and gutters where none previously existed.

92.3 Sec. 8. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,
92.4 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,
92.5 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws
92.6 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,
92.7 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to
92.8 read:

92.9 Subd. 2. For each of the years ~~2003 to 2013~~ 2012 to 2024, the city of St. Paul is
92.10 authorized to issue bonds in the aggregate principal amount of \$20,000,000 for each year.

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

92.12 Sec. 9. Laws 2003, chapter 127, article 12, section 28, is amended to read:

92.13 Sec. 28. **NURSING HOME BONDS AUTHORIZED.**

92.14 (a) Itasca County may issue bonds under Minnesota Statutes, sections 376.55 and
92.15 376.56, to finance the construction of a 35-bed nursing home facility to replace an existing
92.16 35-bed private facility located in the county. The bonds issued under this section ~~must~~
92.17 may be payable solely from revenues ~~and or~~ may ~~not~~ be general obligations of the county.

92.18 (b) Before issuing general obligation bonds under this section, the county must
92.19 publish a notice of its intention to issue the bonds and the date and time of a hearing to
92.20 obtain public comment on the matter. The notice must be published on the official Web
92.21 site of the county or in a newspaper of general circulation in the county. The notice must
92.22 be published at least 14, but not more than 28, days before the date of the hearing. The
92.23 county may issue the bonds only upon obtaining the approval of a majority of the voters
92.24 voting on the question of issuing the obligations, if a petition requesting a vote on the
92.25 issuance is signed by voters equal to five percent of the votes cast in the county in the last
92.26 general election and is filed with the county auditor within 30 days after the public hearing.

92.27 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
92.28 the governing body of Itasca County and its chief clerical officer timely complete their
92.29 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

92.30 Sec. 10. **WOODBURY; EXEMPTION FROM REFERENDUM.**

92.31 (a) Notwithstanding the referendum requirement in Minnesota Statutes, section
92.32 475.58, subdivision 1, or any other provision of law, the city of Woodbury may issue and

93.1 sell obligations to pay for the cost of renovating, improving, expanding, and equipping the
93.2 Bielenberg Sports Center, along with costs of issuance of the obligations and capitalized
93.3 interest, if:

93.4 (1) the obligations are secured by a pledge of revenues from the facility; and

93.5 (2) the city finds, based on analysis provided by a professional experienced in
93.6 finance, that the facility's revenues and a property tax levy equal to the maximum annual
93.7 property tax levy used to pay the bonds previously issued to finance, in whole or in part,
93.8 the facility will in the aggregate be sufficient to pay the obligations without the imposition
93.9 of an additional property tax levy pledged to the obligations.

93.10 (b) Before issuing bonds under this section, the city must publish a notice of its
93.11 intention to issue the bonds and the date and time of a hearing to obtain public comment
93.12 on the matter. The notice must be published on the official Web site of the city or in a
93.13 newspaper of general circulation in the city. The notice must be published at least 14, but
93.14 not more than 28, days before the date of the hearing. The city may issue the bonds only
93.15 upon obtaining the approval of a majority of the voters voting on the question of issuing
93.16 the obligations, if a petition requesting a vote on the issuance is signed by voters equal to
93.17 five percent of the votes cast in the city in the last general election and is filed with the city
93.18 clerk within 30 days after the public hearing.

93.19 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
93.20 the governing body of the city of Woodbury and its chief clerical officer timely complete
93.21 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

93.22 **ARTICLE 7**

93.23 **HOMESTEAD MARKET VALUE CLEANUP**

93.24 Section 1. Minnesota Statutes 2010, section 38.18, is amended to read:

93.25 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

93.26 ~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at
93.27 any time having ~~a~~ an estimated market value of all its taxable property, ~~exclusive of~~
93.28 ~~money and credits,~~ of more than \$105,000,000, and having a county fair located within its
93.29 corporate limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of
93.30 improving ~~any such~~ the fairground, ~~by appropriating and paying over~~ to the treasurer of
93.31 the county owning the fairground ~~such sum of money,~~ not exceeding \$10,000, ~~for each~~
93.32 ~~of the political subdivisions,~~ as ~~the~~ its governing body ~~of the town, statutory city, or~~
93.33 ~~school district may,~~ by resolution, ~~determine~~ determines to be for the best interest of the
93.34 political subdivision, ~~The sums so appropriated to~~ amounts paid to the county must be
93.35 used solely ~~for the purpose of aiding in the improvement of~~ to improve the fairground

94.1 in ~~such~~ the manner as the county board ~~of the county shall determine~~ determines to be
94.2 for the best interest of the county.

94.3 Sec. 2. Minnesota Statutes 2010, section 40A.15, subdivision 2, is amended to read:

94.4 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that
94.5 prepare plans and official controls instead of a county, and districts are eligible for
94.6 assistance under the program. Counties and districts may apply for assistance on behalf
94.7 of other municipalities. In order to be eligible for financial assistance a county or
94.8 municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market
94.9 value for agricultural land preservation and conservation activities or otherwise spend the
94.10 equivalent amount of local money on those activities, or spend \$15,000 of local money,
94.11 whichever is less.

94.12 Sec. 3. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

94.13 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
94.14 a different meaning is intended, the following words and terms, for the purposes of this
94.15 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

94.16 (a) "Commissioner" means the commissioner of revenue.

94.17 (b) "Municipality" means:

94.18 (1) a home rule charter or statutory city;

94.19 (2) an organized town;

94.20 (3) a park district subject to chapter 398;

94.21 (4) the University of Minnesota;

94.22 (5) for purposes of the fire state aid program only, an American Indian tribal
94.23 government entity located within a federally recognized American Indian reservation;

94.24 (6) for purposes of the police state aid program only, an American Indian tribal
94.25 government with a tribal police department which exercises state arrest powers under
94.26 section 626.90, 626.91, 626.92, or 626.93;

94.27 (7) for purposes of the police state aid program only, the Metropolitan Airports
94.28 Commission; and

94.29 (8) for purposes of the police state aid program only, the Department of Natural
94.30 Resources and the Department of Public Safety with respect to peace officers covered
94.31 under chapter 352B.

94.32 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
94.33 commissioner containing space for reporting by insurers of fire, lightning, sprinkler

95.1 leakage and extended coverage premiums received upon risks located or to be performed
95.2 in this state less return premiums and dividends.

95.3 (d) "Firetown" means the area serviced by any municipality having a qualified fire
95.4 department or a qualified incorporated fire department having a subsidiary volunteer
95.5 firefighters' relief association.

95.6 (e) "Estimated market value" means latest available estimated market value of all
95.7 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt
95.8 from ad valorem taxation obtained from information which appears on abstracts filed with
95.9 the commissioner of revenue or equalized by the State Board of Equalization.

95.10 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
95.11 commissioner for reporting by each fire and casualty insurer of all premiums received
95.12 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
95.13 during the preceding calendar year, with reference to insurance written for insuring against
95.14 the perils contained in auto insurance coverages as reported in the Minnesota business
95.15 schedule of the annual financial statement which each insurer is required to file with
95.16 the commissioner in accordance with the governing laws or rules less return premiums
95.17 and dividends.

95.18 (g) "Peace officer" means any person:

95.19 (1) whose primary source of income derived from wages is from direct employment
95.20 by a municipality or county as a law enforcement officer on a full-time basis of not less
95.21 than 30 hours per week;

95.22 (2) who has been employed for a minimum of six months prior to December 31
95.23 preceding the date of the current year's certification under subdivision 2, clause (b);

95.24 (3) who is sworn to enforce the general criminal laws of the state and local
95.25 ordinances;

95.26 (4) who is licensed by the Peace Officers Standards and Training Board and is
95.27 authorized to arrest with a warrant; and

95.28 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol
95.29 retirement plan, or the public employees police and fire fund.

95.30 (h) "Full-time equivalent number of peace officers providing contract service" means
95.31 the integral or fractional number of peace officers which would be necessary to provide
95.32 the contract service if all peace officers providing service were employed on a full-time
95.33 basis as defined by the employing unit and the municipality receiving the contract service.

95.34 (i) "Retirement benefits other than a service pension" means any disbursement
95.35 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

96.1 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
96.2 who was elected or appointed to the specified position or, in the absence of the person,
96.3 another person who is designated by the applicable governing body. In a park district,
96.4 the clerk is the secretary of the board of park district commissioners. In the case of the
96.5 University of Minnesota, the clerk is that official designated by the Board of Regents.
96.6 For the Metropolitan Airports Commission, the clerk is the person designated by the
96.7 commission. For the Department of Natural Resources or the Department of Public Safety,
96.8 the clerk is the respective commissioner. For a tribal police department which exercises
96.9 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
96.10 designated by the applicable American Indian tribal government.

96.11 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
96.12 retirement plan established by chapter 353G.

96.13 Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

96.14 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

96.15 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
96.16 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
96.17 and/or firefighters relief association.

96.18 (b) The commissioner shall calculate an initial fire state aid allocation amount for
96.19 each municipality or fire department under paragraph (c) and a minimum fire state aid
96.20 allocation amount for each municipality or fire department under paragraph (d). The
96.21 municipality or fire department must receive the larger fire state aid amount.

96.22 (c) The initial fire state aid allocation amount is the amount available for
96.23 apportionment as fire state aid under subdivision 5, without inclusion of any additional
96.24 funding amount to support a minimum fire state aid amount under section 423A.02,
96.25 subdivision 3, allocated one-half in proportion to the population as shown in the last
96.26 official statewide federal census for each fire town and one-half in proportion to the
96.27 estimated market value of each fire town, including (1) the estimated market value of
96.28 tax-exempt property and (2) the estimated market value of natural resources lands
96.29 receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the
96.30 estimated market value of minerals. In the case of incorporated or municipal fire
96.31 departments furnishing fire protection to other cities, towns, or townships as evidenced
96.32 by valid fire service contracts filed with the commissioner, the distribution must be
96.33 adjusted proportionately to take into consideration the crossover fire protection service.
96.34 Necessary adjustments must be made to subsequent apportionments. In the case of
96.35 municipalities or independent fire departments qualifying for the aid, the commissioner

97.1 shall calculate the state aid for the municipality or relief association on the basis of the
97.2 population and the estimated market value of the area furnished fire protection service
97.3 by the fire department as evidenced by duly executed and valid fire service agreements
97.4 filed with the commissioner. If one or more fire departments are furnishing contracted fire
97.5 service to a city, town, or township, only the population and estimated market value of the
97.6 area served by each fire department may be considered in calculating the state aid and
97.7 the fire departments furnishing service shall enter into an agreement apportioning among
97.8 themselves the percent of the population and the estimated market value of each service
97.9 area. The agreement must be in writing and must be filed with the commissioner.

97.10 (d) The minimum fire state aid allocation amount is the amount in addition to the
97.11 initial fire state allocation amount that is derived from any additional funding amount
97.12 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
97.13 allocated to municipalities with volunteer firefighters relief associations or covered by the
97.14 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
97.15 of active volunteer firefighters who are members of the relief association as reported
97.16 in the annual financial reporting for the calendar year 1993 to the Office of the State
97.17 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
97.18 fire departments with volunteer firefighters relief associations receive in total at least a
97.19 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
97.20 30 firefighters. If a relief association is established after calendar year 1993 and before
97.21 calendar year 2000, the number of active volunteer firefighters who are members of the
97.22 relief association as reported in the annual financial reporting for calendar year 1998
97.23 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
97.24 shall be used in this determination. If a relief association is established after calendar
97.25 year 1999, the number of active volunteer firefighters who are members of the relief
97.26 association as reported in the first annual financial reporting submitted to the Office of
97.27 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
97.28 determination. If a relief association is terminated as a result of providing retirement
97.29 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
97.30 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
97.31 of the municipality covered by the statewide plan as certified by the executive director of
97.32 the Public Employees Retirement Association to the commissioner and the state auditor,
97.33 but not to exceed 30 active firefighters, must be used in this determination.

97.34 (e) Unless the firefighters of the applicable fire department are members of the
97.35 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
97.36 be paid to the treasurer of the municipality where the fire department is located and the

98.1 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
98.2 the aid to the relief association if the relief association has filed a financial report with the
98.3 treasurer of the municipality and has met all other statutory provisions pertaining to the
98.4 aid apportionment. If the firefighters of the applicable fire department are members of
98.5 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
98.6 must be paid to the executive director of the Public Employees Retirement Association
98.7 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

98.8 (f) The commissioner may make rules to permit the administration of the provisions
98.9 of this section.

98.10 (g) Any adjustments needed to correct prior misallocations must be made to
98.11 subsequent apportionments.

98.12 Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

98.13 Subd. 8. **Population and estimated market value.** (a) In computations relating to
98.14 fire state aid requiring the use of population figures, only official statewide federal census
98.15 figures are to be used. Increases or decreases in population disclosed by reason of any
98.16 special census must not be taken into consideration.

98.17 (b) In calculations relating to fire state aid requiring the use of estimated market
98.18 value property figures, only the latest available estimated market value property figures
98.19 may be used.

98.20 Sec. 6. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

98.21 Subd. 3. **Determination of market value.** In determining the net tax capacity of
98.22 property within any taxing district the value of the surface of lands within any auxiliary
98.23 forest therein, as determined by the county board under the provisions of section 88.48,
98.24 subdivision 3, shall, for all purposes except the levying of taxes on lands within any such
98.25 forest, be deemed the estimated market value thereof.

98.26 Sec. 7. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

98.27 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local
98.28 government unit may annually levy a tax on all taxable property in the district for the
98.29 purposes for which the tax district is established. The tax may not exceed 0.02418 percent
98.30 of estimated market value on taxable property located in rural towns other than urban
98.31 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall
98.32 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve
98.33 fund at the time the tax is terminated or the district is dissolved shall be transferred and

99.1 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce
99.2 tax levies for bonded indebtedness of taxable property in the district.

99.3 Sec. 8. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

99.4 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued
99.5 under subdivision 7 and the payment required under subdivision 6, the county shall
99.6 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property
99.7 located within the territory of the watershed management organization or subwatershed
99.8 unit for which the bonds are issued. Each year until the reserve for payment of the bonds
99.9 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory
99.10 of the organization or unit, without respect to any statutory or other limitation on taxes, an
99.11 amount of taxes sufficient to pay principal and interest on the bonds and to restore any
99.12 deficiencies in reserves required to be maintained for payment of the bonds.

99.13 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418
99.14 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town
99.15 electors.

99.16 (c) If at any time the amounts available from the levy on property in the territory of
99.17 the organization are insufficient to pay principal and interest on the bonds when due, the
99.18 county shall make payment from any available funds in the county treasury.

99.19 (d) The amount of any taxes which are required to be levied outside of the territory
99.20 of the watershed management organization or unit or taken from the general funds of the
99.21 county to pay principal or interest on the bonds shall be reimbursed to the county from
99.22 taxes levied within the territory of the watershed management organization or unit.

99.23 Sec. 9. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

99.24 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
99.25 supervisors of each municipality in the district must provide the funds necessary to meet
99.26 its proportion of the total cost determined by the board, provided the total funding from
99.27 all municipalities in the district for the costs shall not exceed an amount equal to .00242
99.28 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths
99.29 of the municipalities in the district pass a resolution concurring to the additional costs.

99.30 (b) The funds must be deposited in the treasury of the district in amounts and at
99.31 times as the treasurer of the district requires.

99.32 Sec. 10. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

100.1 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
100.2 supervisors of each municipality in the district shall provide the funds necessary to
100.3 meet its proportion of the total cost to be borne by the municipalities as finally certified
100.4 by the board.

100.5 (b) The municipality's funds may be raised by any means within the authority of
100.6 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of
100.7 ~~taxable~~ estimated market value on the taxable property located in the district to provide
100.8 the funds. The levy shall be within all other limitations provided by law.

100.9 (c) The funds must be deposited into the treasury of the district in amounts and at
100.10 times as the treasurer of the district requires.

100.11 Sec. 11. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

100.12 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,
100.13 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated
100.14 market value, or \$60,000, whichever is less. The money in the fund shall be used for
100.15 organizational expenses and preparation of the watershed management plan for projects.

100.16 (b) The managers may borrow from the affected counties up to 75 percent of the
100.17 anticipated funds to be collected from the organizational expense fund levy and the
100.18 counties affected may make the advancements.

100.19 (c) The advancement of anticipated funds shall be apportioned among affected
100.20 counties in the same ratio as the net tax capacity of the area of the counties within
100.21 the watershed district bears to the net tax capacity of the entire watershed district. If a
100.22 watershed district is enlarged, an organizational expense fund may be levied against the
100.23 area added to the watershed district in the same manner as provided in this subdivision.

100.24 (d) Unexpended funds collected for the organizational expense may be transferred to
100.25 the administrative fund and used for the purposes of the administrative fund.

100.26 Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

100.27 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may
100.28 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is
100.29 less. The money in the fund shall be used for general administrative expenses and for
100.30 the construction or implementation and maintenance of projects of common benefit to
100.31 the watershed district. The managers may make an annual levy for the general fund as
100.32 provided in section 103D.911. In addition to the annual general levy, the managers may
100.33 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value
100.34 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic

101.1 water management features of projects initiated by petition of a political subdivision
101.2 within the watershed district or by petition of at least 50 resident owners whose property
101.3 is within the watershed district.

101.4 Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

101.5 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund
101.6 is established and used only if other funds are not available to the watershed district to pay
101.7 for making necessary surveys and acquiring data.

101.8 (b) The survey and data acquisition fund consists of the proceeds of a property tax
101.9 that can be levied only once every five years. The levy may not exceed 0.02418 percent of
101.10 ~~taxable~~ estimated market value.

101.11 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

101.12 (d) In a subsequent proceeding for a project where a survey has been made, the
101.13 attributable cost of the survey as determined by the managers shall be included as a part of
101.14 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

101.15 Sec. 14. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

101.16 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

101.17 (1) that was inspected by the appropriate local government and cited for one or more
101.18 enforceable housing, maintenance, or building code violations;

101.19 (2) in which the cited building code violations involve one or more of the following:

101.20 (i) a roof and roof framing element;

101.21 (ii) support walls, beams, and headers;

101.22 (iii) foundation, footings, and subgrade conditions;

101.23 (iv) light and ventilation;

101.24 (v) fire protection, including egress;

101.25 (vi) internal utilities, including electricity, gas, and water;

101.26 (vii) flooring and flooring elements; or

101.27 (viii) walls, insulation, and exterior envelope;

101.28 (3) in which the cited housing, maintenance, or building code violations have not
101.29 been remedied after two notices to cure the noncompliance; and

101.30 (4) has uncured housing, maintenance, and building code violations, satisfaction of
101.31 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value

101.32 for the building, excluding land value, as determined under section 273.11 for property
101.33 taxes payable in the year in which the condemnation is commenced.

102.1 A local government is authorized to seek from a judge or magistrate an administrative
102.2 warrant to gain access to inspect a specific building in a proposed development or
102.3 redevelopment area upon showing of probable cause that a specific code violation has
102.4 occurred and that the violation has not been cured, and that the owner has denied the local
102.5 government access to the property. Items of evidence that may support a conclusion of
102.6 probable cause may include recent fire or police inspections, housing inspection, exterior
102.7 evidence of deterioration, or other similar reliable evidence of deterioration in the specific
102.8 building.

102.9 Sec. 15. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

102.10 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
102.11 an assessment/sales ratio study of the taxable property in each county, city, town, and
102.12 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
102.13 results of this assessment/sales ratio study, the Department of Revenue must determine an
102.14 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each
102.15 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted
102.16 net tax capacity. The adjusted net tax capacity must be reduced by the captured tax
102.17 capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities
102.18 contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of
102.19 transmission lines required to be subtracted from the local tax base under section 273.425;
102.20 and increased by fiscal disparities distribution tax capacities under sections 276A.06 and
102.21 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity
102.22 percentages in effect for the assessment year following the assessment year of the study.
102.23 The Department of Revenue must make whatever estimates are necessary to account for
102.24 changes in the classification system. The Department of Revenue may incur the expense
102.25 necessary to make the determinations. The commissioner of revenue may reimburse any
102.26 county or governmental official for requested services performed in ascertaining the
102.27 adjusted net tax capacity. On or before March 15 annually, the Department of Revenue
102.28 shall file with the chair of the Tax Committee of the house of representatives and the
102.29 chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax
102.30 capacities for school districts. On or before June 15 annually, the Department of Revenue
102.31 shall file its final report on the adjusted net tax capacities for school districts established
102.32 by the previous year's assessments and the current year's net tax capacity percentages with
102.33 the commissioner of education and each county auditor for those school districts for
102.34 which the auditor has the responsibility for determination of local tax rates. A copy of
102.35 the report so filed shall be mailed to the clerk of each school district involved and to the

103.1 county assessor or supervisor of assessments of the county or counties in which each
103.2 school district is located.

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

103.4 Sec. 16. Minnesota Statutes 2010, section 138.053, is amended to read:

103.5 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**
103.6 **TOWNS.**

103.7 The governing body of any home rule charter or statutory city or town may annually
103.8 appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~
103.9 estimated market value, derived from ad valorem taxes on property or other revenues,
103.10 to be paid to the historical society of its respective county to be used for the promotion
103.11 of historical work and to aid in defraying the expenses of carrying on the historical
103.12 work in the county. No city or town may appropriate any funds for the benefit of any
103.13 historical society unless the society is affiliated with and approved by the Minnesota
103.14 Historical Society.

103.15 Sec. 17. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

103.16 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
103.17 taxable real and personal property in the district. The ad valorem tax levy may not
103.18 exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000,
103.19 whichever is less. The proceeds of the levy must be used as provided in subdivision 5.
103.20 The board shall certify the levy at the times as provided under section 275.07. The board
103.21 shall provide the county with whatever information is necessary to identify the property
103.22 that is located within the district. If the boundaries include a part of a parcel, the entire
103.23 parcel shall be included in the district. The county auditors must spread, collect, and
103.24 distribute the proceeds of the tax at the same time and in the same manner as provided by
103.25 law for all other property taxes.

103.26 Sec. 18. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

103.27 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596
103.28 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding
103.29 calendar year shall be computed and shall be subtracted from the county's total estimated
103.30 construction costs. The result thereof shall be the money needs of the county. For the
103.31 purpose of this section, "rural counties" means all counties having a population of less
103.32 than 175,000.

104.1 Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

104.2 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967
104.3 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding
104.4 calendar year shall be computed and shall be subtracted from the county's total estimated
104.5 construction costs. The result thereof shall be the money needs of the county. For
104.6 the purpose of this section, "urban counties" means all counties having a population
104.7 of 175,000 or more.

104.8 Sec. 20. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

104.9 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or
104.10 city of the third or fourth class may determine that it is necessary to build or improve any
104.11 bridge or bridges, including approaches thereto, and any dam or retaining works connected
104.12 therewith, upon or forming a part of streets or highways either wholly or partly within
104.13 its limits, the county board shall appropriate one-half of the money as may be necessary
104.14 therefor from the county road and bridge fund, not exceeding during any year one-half
104.15 the amount of taxes paid into the county road and bridge fund during the preceding year,
104.16 on property within the corporate limits of the city. The appropriation shall be made upon
104.17 the petition of the council, which petition shall be filed by the council with the county
104.18 board prior to the fixing by the board of the annual county tax levy. The county board
104.19 shall determine the plans and specifications, shall let all necessary contracts, shall have
104.20 charge of construction, and upon its request, warrants in payment thereof shall be issued
104.21 by the county auditor, from time to time, as the construction work proceeds. Any unpaid
104.22 balance may be paid or advanced by the city. On petition of the council, the appropriations
104.23 of the county board, during not to exceed three successive years, may be made to apply
104.24 on the construction of the same items and to repay any money advanced by the city in
104.25 the construction thereof. None of the provisions of this section shall be construed to
104.26 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per
104.27 capita of its population.

104.28 Sec. 21. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

104.29 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95
104.30 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value
104.31 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~
104.32 the county board, by resolution, may expend the funds provided in subdivision 4 in any
104.33 organized or unorganized township or portion thereof in such county.

105.1 Sec. 22. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

105.2 Subdivision 1. **Certain counties may issue and sell.** The county board of any
105.3 county having no outstanding road and bridge bonds may issue and sell county road bonds
105.4 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable
105.5 property within the county ~~exclusive of money and credits~~, for the purpose of constructing,
105.6 reconstructing, improving, or maintaining any bridge or bridges on any highway under its
105.7 jurisdiction, without submitting the matter to a vote of the electors of the county.

105.8 Sec. 23. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision
105.9 to read:

105.10 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's
105.11 determination of market value, including the effects of any orders made under section
105.12 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain
105.13 uses in determining the total estimated market value for the taxing jurisdiction.

105.14 Sec. 24. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision
105.15 to read:

105.16 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market
105.17 value for the parcel as reduced by market value exclusions, deferrals of value, or other
105.18 adjustments, required by law, that reduce market value before the application of class rates.

105.19 Sec. 25. Minnesota Statutes 2010, section 273.032, is amended to read:

105.20 **273.032 MARKET VALUE DEFINITION.**

105.21 (a) Unless otherwise provided, for the purpose of determining any property tax
105.22 levy limitation based on market value or any limit on net debt, the issuance of bonds,
105.23 certificates of indebtedness, or capital notes based on market value, any qualification to
105.24 receive state aid based on market value, or any state aid amount based on market value,
105.25 the terms "market value," "~~taxable~~ estimated market value," and "market valuation,"
105.26 whether equalized or unequalized, mean the ~~total taxable~~ estimated market value of
105.27 taxable property within the local unit of government before any of the following or
105.28 similar adjustments for:

105.29 (1) the market value exclusions under:

105.30 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

105.31 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

105.32 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business
105.33 properties);

106.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
106.2 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);
106.3 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or
106.4 caregiver);
106.5 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or
106.6 (2) the deferment of value under:
106.7 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
106.8 (ii) the aggregate resource preservation law, section 273.1115;
106.9 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
106.10 (iv) the rural preserves property tax program, section 273.114; or
106.11 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
106.12 (3) the adjustments to tax capacity for:
106.13 (i) tax increment; financing under sections 469.174 to 469.1794;
106.14 (ii) fiscal disparity; disparities under chapter 276A or 473F; or
106.15 (iii) powerline credit; or wind energy values, but after the limited market adjustments
106.16 under section 273.11, subdivision 1a, and after the market value exclusions of certain
106.17 improvements to homestead property under section 273.11, subdivision 16 under section
106.18 273.425.
106.19 (b) Estimated market value under paragraph (a) also includes the market value
106.20 of tax exempt property if the applicable law specifically provides that the limitation,
106.21 qualification, or aid calculation includes tax exempt property.
106.22 (c) Unless otherwise provided, "market value," "taxable estimated market value,"
106.23 and "market valuation" for purposes of this paragraph, property tax levy limitations and
106.24 calculation of state aid, refer to the taxable estimated market value for the previous
106.25 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of
106.26 indebtedness, or capital notes refer to the estimated market value as last finally equalized.
106.27 For the purpose of determining any net debt limit based on market value, or any limit
106.28 on the issuance of bonds, certificates of indebtedness, or capital notes based on market
106.29 value, the terms "market value," "taxable market value," and "market valuation," whether
106.30 equalized or unequalized, mean the total taxable market value of property within the local
106.31 unit of government before any adjustments for tax increment, fiscal disparity, powerline
106.32 credit, or wind energy values, but after the limited market value adjustments under section
106.33 273.11, subdivision 1a, and after the market value exclusions of certain improvements to
106.34 homestead property under section 273.11, subdivision 16. Unless otherwise provided,
106.35 "market value," "taxable market value," and "market valuation" for purposes of this
106.36 paragraph, mean the taxable market value as last finally equalized.

107.1 (d) For purposes of a provision of a home rule charter or of any special law that is
107.2 not codified in the statutes and that imposes a levy limitation based on market value or
107.3 any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes
107.4 based on market value, the terms "market value," "taxable market value," and "market
107.5 valuation," whether equalized or unequalized, mean "estimated market value" as defined
107.6 in paragraph (a).

107.7 Sec. 26. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

107.8 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
107.9 subdivision 1, all property shall be valued at its market value. The market value as
107.10 determined pursuant to this section shall be stated such that any amount under \$100 is
107.11 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.
107.12 In estimating and determining such value, the assessor shall not adopt a lower or different
107.13 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
107.14 adopt as a criterion of value the price for which such property would sell at a forced sale,
107.15 or in the aggregate with all the property in the town or district; but the assessor shall value
107.16 each article or description of property by itself, and at such sum or price as the assessor
107.17 believes the same to be fairly worth in money. The assessor shall take into account the
107.18 effect on the market value of property of environmental factors in the vicinity of the
107.19 property. In assessing any tract or lot of real property, the value of the land, exclusive of
107.20 structures and improvements, shall be determined, and also the value of all structures and
107.21 improvements thereon, and the aggregate value of the property, including all structures
107.22 and improvements, excluding the value of crops growing upon cultivated land. In valuing
107.23 real property upon which there is a mine or quarry, it shall be valued at such price as such
107.24 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,
107.25 if the material being mined or quarried is not subject to taxation under section 298.015
107.26 and the mine or quarry is not exempt from the general property tax under section 298.25.
107.27 In valuing real property which is vacant, platted property shall be assessed as provided
107.28 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is
107.29 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market
107.30 value of such property and not at the value of a leasehold estate in such property, or at
107.31 some lesser value than its market value.

107.32 Sec. 27. Minnesota Statutes 2010, section 273.124, subdivision 3a, is amended to read:

107.33 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
107.34 park is owned by a corporation or association organized under chapter 308A or 308B,

108.1 and each person who owns a share or shares in the corporation or association is entitled
108.2 to occupy a lot within the park, the corporation or association may claim homestead
108.3 treatment for the park. Each lot must be designated by legal description or number, and
108.4 each lot is limited to not more than one-half acre of land.

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

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

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

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

108.17 (d) "Homestead treatment" under this subdivision means the class rate provided for
108.18 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),
108.19 item (ii). The homestead market value ~~credit exclusion~~ under section ~~273.1384~~ 273.13,
108.20 subdivision 35, does not apply and the property taxes assessed against the park shall not
108.21 be included in the determination of taxes payable for rent paid under section 290A.03.

108.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
108.23 thereafter.

108.24 Sec. 28. Minnesota Statutes 2010, section 273.124, subdivision 13, is amended to read:

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

108.28 (b) The format and contents of a uniform homestead application shall be prescribed
108.29 by the commissioner of revenue. The application must clearly inform the taxpayer that
108.30 this application must be signed by all owners who occupy the property or by the qualifying
108.31 relative and returned to the county assessor in order for the property to receive homestead
108.32 treatment.

108.33 (c) Every property owner applying for homestead classification must furnish to the
108.34 county assessor the Social Security number of each occupant who is listed as an owner
108.35 of the property on the deed of record, the name and address of each owner who does not

109.1 occupy the property, and the name and Social Security number of each owner's spouse who
109.2 occupies the property. The application must be signed by each owner who occupies the
109.3 property and by each owner's spouse who occupies the property, or, in the case of property
109.4 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

109.9 Owners or spouses occupying residences owned by their spouses and previously
109.10 occupied with the other spouse, either of whom fail to include the other spouse's name
109.11 and Social Security number on the homestead application or provide the affidavits or
109.12 other proof requested, will be deemed to have elected to receive only partial homestead
109.13 treatment of their residence. The remainder of the residence will be classified as
109.14 nonhomestead residential. When an owner or spouse's name and Social Security number
109.15 appear on homestead applications for two separate residences and only one application is
109.16 signed, the owner or spouse will be deemed to have elected to homestead the residence for
109.17 which the application was signed.

109.18 The Social Security numbers, state or federal tax returns or tax return information,
109.19 including the federal income tax schedule F required by this section, or affidavits or other
109.20 proofs of the property owners and spouses submitted under this or another section to
109.21 support a claim for a property tax homestead classification are private data on individuals
109.22 as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private
109.23 data may be disclosed to the commissioner of revenue, or, for purposes of proceeding
109.24 under the Revenue Recapture Act to recover personal property taxes owing, to the county
109.25 treasurer.

109.26 (d) If residential real estate is occupied and used for purposes of a homestead by a
109.27 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in
109.28 order for the property to receive homestead status, a homestead application must be filed
109.29 with the assessor. The Social Security number of each relative and spouse of a relative
109.30 occupying the property shall be required on the homestead application filed under this
109.31 subdivision. If a different relative of the owner subsequently occupies the property, the
109.32 owner of the property must notify the assessor within 30 days of the change in occupancy.
109.33 The Social Security number of a relative or relative's spouse occupying the property
109.34 is private data on individuals as defined by section 13.02, subdivision 12, but may be
109.35 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the
109.36 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

110.1 (e) The homestead application shall also notify the property owners that the
110.2 application filed under this section will not be mailed annually and that if the property
110.3 is granted homestead status for any assessment year, that same property shall remain
110.4 classified as homestead until the property is sold or transferred to another person, or
110.5 the owners, the spouse of the owner, or the relatives no longer use the property as their
110.6 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
110.7 be timely filed with the county auditor as provided under section 272.115. Failure to
110.8 notify the assessor within 30 days that the property has been sold, transferred, or that the
110.9 owner, the spouse of the owner, or the relative is no longer occupying the property as a
110.10 homestead, shall result in the penalty provided under this subdivision and the property
110.11 will lose its current homestead status.

110.12 (f) If the homestead application is not returned within 30 days, the county will send a
110.13 second application to the present owners of record. The notice of proposed property taxes
110.14 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If
110.15 a homestead application has not been filed with the county by December 15, the assessor
110.16 shall classify the property as nonhomestead for the current assessment year for taxes
110.17 payable in the following year, provided that the owner may be entitled to receive the
110.18 homestead classification by proper application under section 375.192.

110.19 (g) At the request of the commissioner, each county must give the commissioner a
110.20 list that includes the name and Social Security number of each occupant of homestead
110.21 property who is the property owner, property owner's spouse, qualifying relative of a
110.22 property owner, or a spouse of a qualifying relative. The commissioner shall use the
110.23 information provided on the lists as appropriate under the law, including for the detection
110.24 of improper claims by owners, or relatives of owners, under chapter 290A.

110.25 (h) If the commissioner finds that a property owner may be claiming a fraudulent
110.26 homestead, the commissioner shall notify the appropriate counties. Within 90 days of
110.27 the notification, the county assessor shall investigate to determine if the homestead
110.28 classification was properly claimed. If the property owner does not qualify, the county
110.29 assessor shall notify the county auditor who will determine the amount of homestead
110.30 benefits that had been improperly allowed. For the purpose of this section, "homestead
110.31 benefits" means the tax reduction resulting from the classification as a homestead and the
110.32 homestead market value exclusion under section 273.13, the taconite homestead credit
110.33 under section 273.135, the ~~residential homestead~~ and agricultural homestead ~~credits~~ credit
110.34 under section 273.1384, and the supplemental homestead credit under section 273.1391.

110.35 The county auditor shall send a notice to the person who owned the affected property
110.36 at the time the homestead application related to the improper homestead was filed,

111.1 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
111.2 of the homestead benefits. The person notified may appeal the county's determination
111.3 by serving copies of a petition for review with county officials as provided in section
111.4 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
111.5 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
111.6 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
111.7 assessment or levy, but without requiring any prepayment of the amount in controversy. If
111.8 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
111.9 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
111.10 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
111.11 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
111.12 delinquent in the calendar year during which the amount remains unpaid. Interest may be
111.13 assessed for the period beginning 60 days after demand for payment was made.

111.14 If the person notified is the current owner of the property, the treasurer may add the
111.15 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
111.16 otherwise payable on the property by including the amounts on the property tax statements
111.17 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
111.18 valorem taxes shall include interest accrued through December 31 of the year preceding
111.19 the taxes payable year for which the amounts are first added. These amounts, when added
111.20 to the property tax statement, become subject to all the laws for the enforcement of real or
111.21 personal property taxes for that year, and for any subsequent year.

111.22 If the person notified is not the current owner of the property, the treasurer may
111.23 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
111.24 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
111.25 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
111.26 tax obligations of the person who owned the property at the time the application related
111.27 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner
111.28 of personal liability for the homestead benefits, penalty, interest, and costs, and instead
111.29 extend those amounts on the tax lists against the property as provided in this paragraph
111.30 to the extent that the current owner agrees in writing. On all demands, billings, property
111.31 tax statements, and related correspondence, the county must list and state separately the
111.32 amounts of homestead benefits, penalty, interest and costs being demanded, billed or
111.33 assessed.

111.34 (i) Any amount of homestead benefits recovered by the county from the property
111.35 owner shall be distributed to the county, city or town, and school district where the
111.36 property is located in the same proportion that each taxing district's levy was to the total

112.1 of the three taxing districts' levy for the current year. Any amount recovered attributable
112.2 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
112.3 deposited in the taconite property tax relief account. Any amount recovered that is
112.4 attributable to supplemental homestead credit is to be transmitted to the commissioner of
112.5 revenue for deposit in the general fund of the state treasury. The total amount of penalty
112.6 collected must be deposited in the county general fund.

112.7 (j) If a property owner has applied for more than one homestead and the county
112.8 assessors cannot determine which property should be classified as homestead, the county
112.9 assessors will refer the information to the commissioner. The commissioner shall make
112.10 the determination and notify the counties within 60 days.

112.11 (k) In addition to lists of homestead properties, the commissioner may ask the
112.12 counties to furnish lists of all properties and the record owners. The Social Security
112.13 numbers and federal identification numbers that are maintained by a county or city
112.14 assessor for property tax administration purposes, and that may appear on the lists retain
112.15 their classification as private or nonpublic data; but may be viewed, accessed, and used by
112.16 the county auditor or treasurer of the same county for the limited purpose of assisting the
112.17 commissioner in the preparation of microdata samples under section 270C.12.

112.18 (l) On or before April 30 each year beginning in 2007, each county must provide the
112.19 commissioner with the following data for each parcel of homestead property by electronic
112.20 means as defined in section 289A.02, subdivision 8:

112.21 (i) the property identification number assigned to the parcel for purposes of taxes
112.22 payable in the current year;

112.23 (ii) the name and Social Security number of each occupant of homestead property
112.24 who is the property owner, property owner's spouse, qualifying relative of a property
112.25 owner, or spouse of a qualifying relative;

112.26 (iii) the classification of the property under section 273.13 for taxes payable in the
112.27 current year and in the prior year;

112.28 (iv) an indication of whether the property was classified as a homestead for taxes
112.29 payable in the current year because of occupancy by a relative of the owner or by a
112.30 spouse of a relative;

112.31 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the
112.32 current year and the prior year;

112.33 (vi) the market value of improvements to the property first assessed for tax purposes
112.34 for taxes payable in the current year;

112.35 (vii) the assessor's estimated market value assigned to the property for taxes payable
112.36 in the current year and the prior year;

113.1 (viii) the taxable market value assigned to the property for taxes payable in the
113.2 current year and the prior year;

113.3 (ix) whether there are delinquent property taxes owing on the homestead;

113.4 (x) the unique taxing district in which the property is located; and

113.5 (xi) such other information as the commissioner decides is necessary.

113.6 The commissioner shall use the information provided on the lists as appropriate
113.7 under the law, including for the detection of improper claims by owners, or relatives
113.8 of owners, under chapter 290A.

113.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
113.10 thereafter.

113.11 Sec. 29. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

113.12 Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the~~
113.13 ~~appropriate gross class rates in this section and market values.~~

113.14 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this
113.15 section and taxable market values.

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

113.17 Sec. 30. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

113.18 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each
113.19 taxing district within each unique taxing jurisdiction for taxes payable in the prior year
113.20 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for
113.21 taxes payable in the year for which aid is being computed, to (2) its tax capacity using
113.22 the class rates for taxes payable in the year prior to that for which aid is being computed,
113.23 both based upon taxable market values for taxes payable in the year prior to that for which
113.24 aid is being computed. If the commissioner determines that insufficient information is
113.25 available to reasonably and timely calculate the numerator in this ratio for the first taxes
113.26 payable year that a class rate change or new class rate is effective, the commissioner shall
113.27 omit the effects of that class rate change or new class rate when calculating this ratio for
113.28 aid payable in that taxes payable year. For aid payable in the year following a year for
113.29 which such omission was made, the commissioner shall use in the denominator for the
113.30 class that was changed or created, the tax capacity for taxes payable two years prior to that
113.31 in which the aid is payable, based on taxable market values for taxes payable in the year
113.32 prior to that for which aid is being computed.

114.1 Sec. 31. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

114.2 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,
114.3 class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1)
114.4 the property is located in a border city that has an enterprise zone designated pursuant
114.5 to section 469.168, subdivision 4; (2) the property is located in a city with a population
114.6 greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the
114.7 city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city
114.8 in another state; and (4) the adjacent city in the other state has a population of greater than
114.9 5,000 and less than 75,000 according to the 1980 decennial census.

114.10 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
114.11 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a
114.12 and class 3b property to 2.3 percent of taxable market value.

114.13 (c) The county auditor shall annually certify the costs of the credits to the
114.14 Department of Revenue. The department shall reimburse local governments for the
114.15 property taxes forgone as the result of the credits in proportion to their total levies.

114.16 Sec. 32. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

114.17 Subdivision 1. **Determination of levy limit.** The property tax levied for any
114.18 purpose under a special law that is not codified in Minnesota Statutes or a city charter
114.19 provision and that is subject to a mill rate limitation imposed by the special law or city
114.20 charter provision, excluding levies subject to mill rate limitations that use adjusted
114.21 assessed values determined by the commissioner of revenue under section 124.2131, must
114.22 not exceed the following amount for the years specified:

114.23 (a) for taxes payable in 1988, the product of the applicable mill rate limitation
114.24 imposed by special law or city charter provision multiplied by the total assessed valuation
114.25 of all taxable property subject to the tax as adjusted by the provisions of Minnesota
114.26 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

114.27 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for
114.28 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for
114.29 market valuation changes equal to the assessment year 1988 total market valuation of all
114.30 taxable property subject to the tax divided by the assessment year 1987 total market
114.31 valuation of all taxable property subject to the tax; and

114.32 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property
114.33 tax levy limitation for the previous year determined pursuant to this subdivision multiplied
114.34 by (2) an index for market valuation changes equal to the total market valuation of all

115.1 taxable property subject to the tax for the current assessment year divided by the total
115.2 market valuation of all taxable property subject to the tax for the previous assessment year.

115.3 For the purpose of determining the property tax levy limitation for the taxes payable
115.4 year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation"
115.5 means the ~~total~~ total estimated market valuation value of all taxable property subject to the
115.6 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~
115.7 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~
115.8 as provided under section 273.032.

115.9 Sec. 33. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

115.10 Subd. 2. **Correction of levy amount.** The difference between the correct levy and
115.11 the erroneous levy shall be added to the township levy for the subsequent levy year;
115.12 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ taxable estimated
115.13 market value, the excess shall be added to the township levy for the second and later
115.14 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~
115.15 estimated market value in any year, until the full amount of the difference has been levied.
115.16 The funds collected from the corrected levies shall be used to reimburse the county for the
115.17 payment required by subdivision 1.

115.18 Sec. 34. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

115.19 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
115.20 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
115.21 or section 275.72, multiplied by:

115.22 (1) one plus the percentage growth in the implicit price deflator, but the percentage
115.23 shall not be less than zero or exceed 3.9 percent;

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

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

115.30 Sec. 35. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is
115.31 amended to read:

115.32 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
115.33 printing of the tax statements. The commissioner of revenue shall prescribe the form of

116.1 the property tax statement and its contents. The tax statement must not state or imply
116.2 that property tax credits are paid by the state of Minnesota. The statement must contain
116.3 a tabulated statement of the dollar amount due to each taxing authority and the amount
116.4 of the state tax from the parcel of real property for which a particular tax statement is
116.5 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
116.6 school tax, the other local school tax, the township or municipality, and the total of
116.7 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
116.8 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
116.9 if any, may be aggregated except that any levies made by the regional rail authorities in the
116.10 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
116.11 398A shall be listed on a separate line directly under the appropriate county's levy. If the
116.12 county levy under this paragraph includes an amount for a lake improvement district as
116.13 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
116.14 must be separately stated from the remaining county levy amount. In the case of Ramsey
116.15 County, if the county levy under this paragraph includes an amount for public library
116.16 service under section 134.07, the amount attributable for that purpose may be separated
116.17 from the remaining county levy amount. The amount of the tax on homesteads qualifying
116.18 under the senior citizens' property tax deferral program under chapter 290B is the total
116.19 amount of property tax before subtraction of the deferred property tax amount. The
116.20 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
116.21 must also be separately stated. The dollar amounts, including the dollar amount of any
116.22 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
116.23 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
116.24 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
116.25 must also be listed on the tax statement.

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

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

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

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

117.1 (3) the property's taxable market value ~~after reductions under sections 273.11,~~
117.2 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

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

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

117.5 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
117.6 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
117.7 credit received under section 273.135 must be separately stated and identified as "taconite
117.8 tax relief"; and

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

117.10 (d) If the county uses envelopes for mailing property tax statements and if the county
117.11 agrees, a taxing district may include a notice with the property tax statement notifying
117.12 taxpayers when the taxing district will begin its budget deliberations for the current
117.13 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
117.14 be included in the envelope containing the property tax statement, and if more than
117.15 one taxing district relative to a given property decides to include a notice with the tax
117.16 statement, the county treasurer or auditor must coordinate the process and may combine
117.17 the information on a single announcement.

117.18 Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

117.19 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal
117.20 property within a municipality means the ~~assessor's estimated taxable~~ taxable market value,
117.21 as defined in section 272.03, of all real and personal property, including the value of
117.22 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~
117.23 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~
117.24 ~~with respect to each municipality which are comparable to those it makes for school~~
117.25 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~
117.26 town net tax capacities under section 127A.48, subdivisions 1 to 6, ~~in the same manner~~
117.27 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~
117.28 ~~annually determine, for each municipality, information comparable to that required by~~
117.29 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~
117.30 ~~available. The commissioner of revenue shall then compute the equalized market value of~~
117.31 ~~property within each municipality.~~

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

117.33 Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

118.1 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
118.2 adjusted market value, determined as of January 2 of any year, divided by its population,
118.3 determined as of a date in the same year.

118.4 Sec. 38. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

118.5 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
118.6 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
118.7 as of January 2 of any year, divided by the sum of their populations, determined as of
118.8 a date in the same year.

118.9 Sec. 39. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

118.10 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of
118.11 real and personal property multiplied by its net tax capacity rates in section 273.13.

118.12 Sec. 40. Minnesota Statutes 2010, section 287.08, is amended to read:

118.13 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

118.14 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of
118.15 any county in this state in which the real property or some part is located at or before
118.16 the time of filing the mortgage for record. The treasurer shall endorse receipt on the
118.17 mortgage and the receipt is conclusive proof that the tax has been paid in the amount
118.18 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its
118.19 form, in substance, shall be "registration tax hereon of dollars paid." If the
118.20 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from
118.21 registration tax." In either case the receipt must be signed by the treasurer. In case the
118.22 treasurer is unable to determine whether a claim of exemption should be allowed, the tax
118.23 must be paid as in the case of a taxable mortgage. For documents submitted electronically,
118.24 the endorsements and tax amount shall be affixed electronically and no signature by the
118.25 treasurer will be required. The actual payment method must be arranged in advance
118.26 between the submitter and the receiving county.

118.27 (b) The county treasurer may refund in whole or in part any mortgage registry tax
118.28 overpayment if a written application by the taxpayer is submitted to the county treasurer
118.29 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
118.30 of the application, the taxpayer may bring an action in Tax Court in the county in which
118.31 the tax was paid at any time after the expiration of six months from the time that the
118.32 application was submitted. A denial of refund may be appealed within 60 days from
118.33 the date of the denial by bringing an action in Tax Court in the county in which the tax

119.1 was paid. The action is commenced by the serving of a petition for relief on the county
 119.2 treasurer, and by filing a copy with the court. The county attorney shall defend the action.
 119.3 The county treasurer shall notify the treasurer of each county that has or would receive a
 119.4 portion of the tax as paid.

119.5 (c) If the county treasurer determines a refund should be paid, or if a refund is
 119.6 ordered by the court, the county treasurer of each county that actually received a portion
 119.7 of the tax shall immediately pay a proportionate share of three percent of the refund
 119.8 using any available county funds. The county treasurer of each county that received, or
 119.9 would have received, a portion of the tax shall also pay their county's proportionate share
 119.10 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the
 119.11 following month using solely the mortgage registry tax funds that would be paid to the
 119.12 commissioner of revenue on that date under section 287.12. If the funds on hand under
 119.13 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the
 119.14 county treasurer of the county in which the action was brought shall file a claim with the
 119.15 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of
 119.16 the refund, and shall pay over the remaining portion upon receipt of a warrant from the
 119.17 state issued pursuant to the claim.

119.18 (d) When any mortgage covers real property located in more than one county in this
 119.19 state the total tax must be paid to the treasurer of the county where the mortgage is first
 119.20 presented for recording, and the payment must be receipted as provided in paragraph
 119.21 (a). If the principal debt or obligation secured by such a multiple county mortgage
 119.22 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by
 119.23 the county treasurer receiving it, on or before the 20th day of each month after receipt,
 119.24 to the county or counties entitled in the ratio that the estimated market value of the real
 119.25 property covered by the mortgage in each county bears to the estimated market value of
 119.26 all the real property in this state described in the mortgage. In making the division and
 119.27 payment the county treasurer shall send a statement giving the description of the real
 119.28 property described in the mortgage and the estimated market value of the part located in
 119.29 each county. For this purpose, the treasurer of any county may require the treasurer of
 119.30 any other county to certify to the former the estimated market ~~valuation~~ value of any tract
 119.31 of real property in any mortgage.

119.32 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The
 119.33 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the
 119.34 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,
 119.35 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the

120.1 amount of the tax collected for that purpose and the mortgagor is relieved of any further
120.2 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

120.3 Sec. 41. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

120.4 Subdivision 1. **Real property outside county.** If any taxable deed or instrument
120.5 describes any real property located in more than one county in this state, the total tax must
120.6 be paid to the treasurer of the county where the document is first presented for recording,
120.7 and the payment must be receipted as provided in section 287.08. If the net consideration
120.8 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the
120.9 county treasurer receiving it, on or before the 20th day of each month after receipt, to
120.10 the county or counties entitled in the ratio which the estimated market value of the real
120.11 property covered by the document in each county bears to the estimated market value of
120.12 all the real property in this state described in the document. In making the division and
120.13 payment the county treasurer shall send a statement to the other involved counties giving
120.14 the description of the real property described in the document and the estimated market
120.15 value of the part located in each county. The treasurer of any county may require the
120.16 treasurer of any other county to certify to the former the estimated market ~~valuation~~ value
120.17 of any parcel of real property for this purpose.

120.18 Sec. 42. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

120.19 Subd. 2. **Cash flow funding requirement.** If the executive director determines that
120.20 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
120.21 insufficient assets to meet the service pensions determined payable from the account,
120.22 the executive director shall certify the amount of the potential service pension shortfall
120.23 to the municipality or municipalities and the municipality or municipalities shall make
120.24 an additional employer contribution to the account within ten days of the certification.
120.25 If more than one municipality is associated with the account, unless the municipalities
120.26 agree to a different allocation, the municipalities shall allocate the additional employer
120.27 contribution one-half in proportion to the population of each municipality and one-half in
120.28 proportion to the estimated market value of the property of each municipality.

120.29 Sec. 43. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

120.30 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything
120.31 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of
120.32 the town, the town must follow this subdivision.

121.1 The town must publish in its official newspaper the board's resolution to pay for the
121.2 property over time. Then a petition for an election on the contract may be filed with the
121.3 clerk. The petition must be filed within ten days after the resolution is published. To
121.4 require the election the petition must be signed by a number of voters equal to ten percent
121.5 of the voters at the last regular town election. The contract then must be approved by a
121.6 majority of those voting on the question. The question may be voted on at a regular
121.7 or special election.

121.8 Sec. 44. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

121.9 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
121.10 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
121.11 The certificates shall be payable in not more than ten years and be issued on the terms and
121.12 in the manner as the board may determine. If the amount of the certificates to be issued
121.13 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued
121.14 for at least ten days after publication in a newspaper of general circulation in the town of
121.15 the board's resolution determining to issue them. If within that time, a petition asking for
121.16 an election on the proposition signed by voters equal to ten percent of the number of voters
121.17 at the last regular town election is filed with the clerk, the certificates shall not be issued
121.18 until their issuance has been approved by a majority of the votes cast on the question at
121.19 a regular or special election. A tax levy shall be made to pay the principal and interest
121.20 on the certificates as in the case of bonds.

121.21 Sec. 45. Minnesota Statutes 2010, section 366.27, is amended to read:

121.22 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

121.23 The town board of any town in this state having therein a platted portion on
121.24 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief
121.25 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~
121.26 estimated market value for the benefit of the relief association.

121.27 Sec. 46. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

121.28 Subd. 23. **Financing purchase of certain equipment.** The town board may issue
121.29 certificates of indebtedness within debt limits to purchase fire or police equipment or
121.30 ambulance equipment or street construction or maintenance equipment. The certificates
121.31 shall be payable in not more than five years and be issued on terms and in the manner
121.32 as the board may determine. If the amount of the certificates to be issued to finance a
121.33 purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding~~

122.1 ~~money and credits~~, they shall not be issued for at least ten days after publication in the
122.2 official newspaper of a town board resolution determining to issue them. If before the end
122.3 of that time, a petition asking for an election on the proposition signed by voters equal
122.4 to ten percent of the number of voters at the last regular town election is filed with the
122.5 clerk, the certificates shall not be issued until the proposition of their issuance has been
122.6 approved by a majority of the votes cast on the question at a regular or special election.
122.7 A tax levy shall be made for the payment of the principal and interest on the certificates
122.8 as in the case of bonds.

122.9 Sec. 47. Minnesota Statutes 2010, section 368.47, is amended to read:

122.10 **368.47 TOWNS MAY BE DISSOLVED.**

122.11 (1) When the voters residing within a town have failed to elect any town officials for
122.12 more than ten years continuously;

122.13 (2) when a town has failed for a period of ten years to exercise any of the powers
122.14 and functions of a town;

122.15 (3) when the estimated market value of a town drops to less than \$165,000;

122.16 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or
122.17 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to
122.18 12 percent of its market value; or

122.19 (5) when the state or federal government has acquired title to 50 percent of the
122.20 real estate of a town,

122.21 which facts, or any of them, may be found and determined by the resolution of the county
122.22 board of the county in which the town is located, according to the official records in the
122.23 office of the county auditor, the county board by resolution may declare the town, naming
122.24 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

122.25 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters
122.26 of the town shall express their approval or disapproval. The town clerk shall, upon a
122.27 petition signed by a majority of the registered voters of the town, filed with the clerk at
122.28 least 60 days before a regular or special town election, give notice at the same time and
122.29 in the same manner of the election that the question of dissolution of the town will be
122.30 submitted for determination at the election. At the election the question shall be voted
122.31 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against
122.32 dissolution." The ballot shall be deposited in a separate ballot box and the result of the
122.33 voting canvassed, certified, and returned in the same manner and at the same time as
122.34 other facts and returns of the election. If a majority of the votes cast at the election are

123.1 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election
123.2 are against dissolution, the town shall not be dissolved.

123.3 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire
123.4 title to any telephone company or other business conducted by the town. The business
123.5 shall be operated by the board of county commissioners until it can be sold. The
123.6 subscribers or patrons of the business shall have the first opportunity of purchase. If the
123.7 town has any outstanding indebtedness chargeable to the business, the county auditor shall
123.8 levy a tax against the property situated in the dissolved town to pay the indebtedness
123.9 as it becomes due.

123.10 Sec. 48. Minnesota Statutes 2010, section 370.01, is amended to read:

123.11 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

123.12 The boundaries of counties may be changed by taking territory from a county and
123.13 attaching it to an adjoining county, and new counties may be established out of territory of
123.14 one or more existing counties. A new county shall contain at least 400 square miles and
123.15 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated
123.16 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the
123.17 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing
123.18 counties, included in the proposition. The determination of the ~~taxable~~ estimated market
123.19 value of a county must be made by the commissioner of revenue. An existing county shall
123.20 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a
123.21 total ~~taxable~~ estimated market value of less than that required of a new county.

123.22 No change in the boundaries of any county having an area of more than 2,500 square
123.23 miles, whether by the creation of a new county, or otherwise, shall detach from the existing
123.24 county any territory within 12 miles of the county seat.

123.25 Sec. 49. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

123.26 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
123.27 the meanings given.

123.28 (a) "Bonds" means an obligation as defined under section 475.51.

123.29 (b) "Capital improvement" means acquisition or betterment of public lands,
123.30 buildings, or other improvements within the county for the purpose of a county courthouse,
123.31 administrative building, health or social service facility, correctional facility, jail, law
123.32 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and
123.33 bridges, and the acquisition of development rights in the form of conservation easements
123.34 under chapter 84C. An improvement must have an expected useful life of five years or

124.1 more to qualify. "Capital improvement" does not include a recreation or sports facility
124.2 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
124.3 swimming pool, exercise room or health spa), unless the building is part of an outdoor
124.4 park facility and is incidental to the primary purpose of outdoor recreation.

124.5 (c) "Metropolitan county" means a county located in the seven-county metropolitan
124.6 area as defined in section 473.121 or a county with a population of 90,000 or more.

124.7 (d) "Population" means the population established by the most recent of the
124.8 following (determined as of the date the resolution authorizing the bonds was adopted):

124.9 (1) the federal decennial census,

124.10 (2) a special census conducted under contract by the United States Bureau of the
124.11 Census, or

124.12 (3) a population estimate made either by the Metropolitan Council or by the state
124.13 demographer under section 4A.02.

124.14 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
124.15 section 373.43.

124.16 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~
124.17 ~~market value.~~

124.18 Sec. 50. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

124.19 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
124.20 if the maximum amount of principal and interest to become due in any year on all the
124.21 outstanding bonds issued pursuant to this section (including the bonds to be issued) will
124.22 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the
124.23 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for
124.24 the taxes payable year in which the obligations are issued and sold. This section does not
124.25 limit the authority to issue bonds under any other special or general law.

124.26 Sec. 51. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

124.27 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board
124.28 may appropriate from the general revenue fund to any nonprofit corporation a sum not
124.29 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance
124.30 to persons who are unable to afford private legal counsel.

124.31 Sec. 52. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

124.32 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a
124.33 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an

125.1 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the
125.2 approval of a majority of the voters of the county voting on the question of issuing the
125.3 obligation at an election.

125.4 Sec. 53. Minnesota Statutes 2010, section 375.555, is amended to read:

125.5 **375.555 FUNDING.**

125.6 To implement the county emergency jobs program, the county board may expend
125.7 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~
125.8 estimated market value. The money to be expended may be from any available funds
125.9 not otherwise earmarked.

125.10 Sec. 54. Minnesota Statutes 2010, section 383B.152, is amended to read:

125.11 **383B.152 BUILDING AND MAINTENANCE FUND.**

125.12 The county board may by resolution levy a tax to provide money which shall be kept
125.13 in a fund known as the county reserve building and maintenance fund. Money in the fund
125.14 shall be used solely for the construction, maintenance, and equipping of county buildings
125.15 that are constructed or maintained by the board. The levy shall not be subject to any limit
125.16 fixed by any other law or by any board of tax levy or other corresponding body, but shall
125.17 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by
125.18 chapter 475 to be levied in the year for the payment of the principal of and interest on all
125.19 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

125.20 Sec. 55. Minnesota Statutes 2010, section 383B.245, is amended to read:

125.21 **383B.245 LIBRARY LEVY.**

125.22 (a) The county board may levy a tax on the taxable property within the county to
125.23 acquire, better, and construct county library buildings and branches and to pay principal
125.24 and interest on bonds issued for that purpose.

125.25 (b) The county board may by resolution adopted by a five-sevenths vote issue and
125.26 sell general obligation bonds of the county in the manner provided in sections 475.60 to
125.27 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,
125.28 but the maturity years and amounts and interest rates of each series of bonds shall be
125.29 fixed so that the maximum amount of principal and interest to become due in any year,
125.30 on the bonds of that series and of all outstanding series issued by or for the purposes of
125.31 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value
125.32 of all taxable property in the county as last finally equalized before the issuance of the new

126.1 series. When the tax levy authorized in this section is collected it shall be appropriated
126.2 and credited to a debt service fund for the bonds in amounts required each year in lieu of a
126.3 countywide tax levy for the debt service fund under section 475.61.

126.4 Sec. 56. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

126.5 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park
126.6 District as set forth in its annual budget, in lieu of the levies authorized by any other
126.7 special law for such purposes, the Board of Park District Commissioners may levy
126.8 taxes on all the taxable property in the county and park district at a rate not exceeding
126.9 0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before
126.10 October 1 of each year, after public hearing, the Board of Park District Commissioners
126.11 shall adopt a budget for the ensuing year and shall determine the total amount necessary
126.12 to be raised from ad valorem tax levies to meet its budget. The Board of Park District
126.13 Commissioners shall submit the budget to the county board. The county board may veto
126.14 or modify an item contained in the budget. If the county board determines to veto or to
126.15 modify an item in the budget, it must, within 15 days after the budget was submitted by
126.16 the district board, state in writing the specific reasons for its objection to the item vetoed
126.17 or the reason for the modification. The Park District Board, after consideration of the
126.18 county board's objections and proposed modifications, may reapprove a vetoed item or the
126.19 original version of an item with respect to which a modification has been proposed, by a
126.20 two-thirds majority. If the district board does not reapprove a vetoed item, the item shall
126.21 be deleted from the budget. If the district board does not reapprove the original version
126.22 of a modified item, the item shall be included in the budget as modified by the county
126.23 board. After adoption of the final budget and no later than October 1, the superintendent
126.24 of the park district shall certify to the office of the Hennepin County director of tax and
126.25 public records exercising the functions of the county auditor the total amount to be raised
126.26 from ad valorem tax levies to meet its budget for the ensuing year. The director of tax
126.27 and public records shall add the amount of any levy certified by the district to other tax
126.28 levies on the property of the county within the district for collection by the director of tax
126.29 and public records with other taxes. When collected, the director shall make settlement of
126.30 such taxes with the district in the same manner as other taxes are distributed to the other
126.31 political subdivisions in Hennepin County.

126.32 Sec. 57. Minnesota Statutes 2010, section 383E.20, is amended to read:

126.33 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

127.1 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue
127.2 and sell general obligation bonds of the county in the manner provided in chapter 475 to
127.3 acquire, better, and construct county library buildings. The bonds shall not be subject to the
127.4 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest
127.5 rates of each series of bonds shall be fixed so that the maximum amount of principal and
127.6 interest to become due in any year, on the bonds of that series and of all outstanding series
127.7 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent
127.8 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any
127.9 taxable property taxed by any city for the support of any free public library. When the tax
127.10 levy authorized in this section is collected, it shall be appropriated and credited to a debt
127.11 service fund for the bonds. The tax levy for the debt service fund under section 475.61
127.12 shall be reduced by the amount available or reasonably anticipated to be available in the
127.13 fund to make payments otherwise payable from the levy pursuant to section 475.61.

127.14 Sec. 58. Minnesota Statutes 2010, section 383E.23, is amended to read:

127.15 **383E.23 LIBRARY TAX.**

127.16 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~
127.17 estimated market value of taxable property located within the county excluding any
127.18 taxable property taxed by any city for the support of any free public library, to acquire,
127.19 better, and construct county library buildings and to pay principal and interest on bonds
127.20 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits
127.21 on levies provided by section 373.40, or other law.

127.22 Sec. 59. Minnesota Statutes 2010, section 385.31, is amended to read:

127.23 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

127.24 When any order or warrant drawn on the treasurer is presented for payment, if there
127.25 is money in the treasury for that purpose, the county treasurer shall redeem the same, and
127.26 write across the entire face thereof the word "redeemed," the date of the redemption, and
127.27 the treasurer's official signature. If there is not sufficient funds in the proper accounts to
127.28 pay such orders they shall be numbered and registered in their order of presentation,
127.29 and proper endorsement thereof shall be made on such orders and they shall be entitled
127.30 to payment in like order. Such orders shall bear interest at not to exceed the rate of six
127.31 percent per annum from such date of presentment. The treasurer, as soon as there is
127.32 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the
127.33 payment of the orders so presented and registered, and, if entitled to interest, issue to the
127.34 original holder a notice that interest will cease in 30 days from the date of such notice; and,

128.1 if orders thus entitled to priority of payment are not then presented, the next in order of
128.2 registry may be paid until such orders are presented. No interest shall be paid on any order,
128.3 except upon a warrant drawn by the county auditor for that purpose, giving the number
128.4 and the date of the order on account of which the interest warrant is drawn. In any county
128.5 in this state now or hereafter having ~~a~~ an estimated market value of all taxable property;
128.6 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in
128.7 order to save payment of interest on county warrants drawn upon a fund in which there
128.8 shall be temporarily insufficient money in the treasury to redeem the same, may borrow
128.9 temporarily from any other fund in the county treasury in which there is a sufficient balance
128.10 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,
128.11 and may pay such warrants out of such funds. Any such money so transferred and used in
128.12 redeeming such county warrants shall be returned to the fund from which drawn as soon
128.13 as money shall come in to the credit of such fund on which any such warrant was drawn
128.14 and paid as aforesaid. Any county operating on a cash basis may use a combined form of
128.15 warrant or order and check, which, when signed by the chair of the county board and by
128.16 the auditor, is an order or warrant for the payment of the claim, and, when countersigned
128.17 by the county treasurer, is a check for the payment of the amount thereof.

128.18 Sec. 60. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

128.19 Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in
128.20 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land
128.21 or premises existing at the time of the adoption of an official control under this chapter,
128.22 may be continued, although the use or occupation does not conform to the official control.
128.23 If the nonconformity or occupancy is discontinued for a period of more than one year, or
128.24 any nonconforming building or structure is destroyed by fire or other peril to the extent of
128.25 50 percent of its estimated market value, any subsequent use or occupancy of the land or
128.26 premises shall be a conforming use or occupancy.

128.27 Sec. 61. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

128.28 Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall
128.29 give six weeks' published notice in all municipalities in the region. If a number of voters
128.30 in the region equal to five percent of those who voted for candidates for governor at the
128.31 last gubernatorial election present a petition within nine weeks of the first published notice
128.32 to the secretary of state requesting that the matter be submitted to popular vote, it shall be
128.33 submitted at the next general election. The question prepared shall be:

128.34 "Shall the regional rail authority have the power to impose a property tax?"

129.1 Yes
129.2 No"

129.3 If a majority of those voting on the question approve or if no petition is presented
129.4 within the prescribed time the authority may levy a tax at any annual rate not exceeding
129.5 0.04835 percent of estimated market value of all taxable property situated within the
129.6 municipality or municipalities named in its organization resolution. Its recording officer
129.7 shall file, on or before September 15, in the office of the county auditor of each county
129.8 in which territory under the jurisdiction of the authority is located a certified copy of the
129.9 board of commissioners' resolution levying the tax, and each county auditor shall assess
129.10 and extend upon the tax rolls of each municipality named in the organization resolution the
129.11 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of
129.12 taxable property in that municipality bears to the net tax capacity of taxable property in
129.13 all municipalities named in the organization resolution. Collections of the tax shall be
129.14 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,
129.15 the amount levied for light rail transit purposes under this subdivision shall not exceed 75
129.16 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

129.17 Sec. 62. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

129.18 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties
129.19 which acquires or constructs and equips or improves facilities under this chapter may,
129.20 with the approval of the board of county commissioners of each county, enter into a
129.21 lease agreement with a city situated within any of the counties, or a county housing and
129.22 redevelopment authority established under chapter 469 or any special law. Under the lease
129.23 agreement, the city or county housing and redevelopment authority shall:

129.24 (1) construct or acquire and equip or improve a facility in accordance with plans
129.25 prepared by or at the request of a county or joint powers board of the group of counties
129.26 and approved by the commissioner of corrections; and

129.27 (2) finance the facility by the issuance of revenue bonds.

129.28 (b) The county or joint powers board of a group of counties may lease the facility
129.29 site, improvements, and equipment for a term upon rental sufficient to produce revenue
129.30 for the prompt payment of the revenue bonds and all interest accruing on them. Upon
129.31 completion of payment, the lessee shall acquire title. The real and personal property
129.32 acquired for the facility constitutes a project and the lease agreement constitutes a revenue
129.33 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or
129.34 county housing and redevelopment authority and the county or joint powers board shall be
129.35 as provided in sections 469.152 to 469.165, with the following adjustments:

- 130.1 (1) no tax may be imposed upon the property;
- 130.2 (2) the approval of the project by the commissioner of employment and economic
130.3 development is not required;
- 130.4 (3) the Department of Corrections shall be furnished and shall record information
130.5 concerning each project as it may prescribe, in lieu of reports required on other projects to
130.6 the commissioner of employment and economic development;
- 130.7 (4) the rentals required to be paid under the lease agreement shall not exceed in any
130.8 year one-tenth of one percent of the estimated market value of property within the county
130.9 or group of counties as last equalized before the execution of the lease agreement;
- 130.10 (5) the county or group of counties shall provide for payment of all rentals due
130.11 during the term of the lease agreement in the manner required in subdivision 4;
- 130.12 (6) no mortgage on the facilities shall be granted for the security of the bonds, but
130.13 compliance with clause (5) may be enforced as a nondiscretionary duty of the county
130.14 or group of counties; and
- 130.15 (7) the county or the joint powers board of the group of counties may sublease any
130.16 part of the facilities for purposes consistent with their maintenance and operation.

130.17 Sec. 63. Minnesota Statutes 2010, section 410.32, is amended to read:

130.18 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

130.19 (a) Notwithstanding any contrary provision of other law or charter, a home rule
130.20 charter city may, by resolution and without public referendum, issue capital notes subject
130.21 to the city debt limit to purchase capital equipment.

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

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

130.25 (2) computer hardware and software, whether bundled with machinery or equipment
130.26 or unbundled.

130.27 (c) The equipment or software must have an expected useful life at least as long
130.28 as the term of the notes.

130.29 (d) The notes shall be payable in not more than ten years and be issued on terms
130.30 and in the manner the city determines. The total principal amount of the capital notes
130.31 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of
130.32 taxable property in the city for that year.

130.33 (e) A tax levy shall be made for the payment of the principal and interest on the
130.34 notes, in accordance with section 475.61, as in the case of bonds.

131.1 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
131.2 the governing body of the city.

131.3 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
131.4 city may also issue capital notes subject to its debt limit in the manner and subject to the
131.5 limitations applicable to statutory cities pursuant to section 412.301.

131.6 Sec. 64. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

131.7 Subd. 2. **Contracts.** The council shall have power to make such contracts as may
131.8 be deemed necessary or desirable to make effective any power possessed by the council.
131.9 The city may purchase personal property through a conditional sales contract and real
131.10 property through a contract for deed under which contracts the seller is confined to the
131.11 remedy of recovery of the property in case of nonpayment of all or part of the purchase
131.12 price, which shall be payable over a period of not to exceed five years. When the contract
131.13 price of property to be purchased by contract for deed or conditional sales contract
131.14 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter
131.15 into such a contract for at least ten days after publication in the official newspaper of a
131.16 council resolution determining to purchase property by such a contract; and, if before the
131.17 end of that time a petition asking for an election on the proposition signed by voters equal
131.18 to ten percent of the number of voters at the last regular city election is filed with the clerk,
131.19 the city may not enter into such a contract until the proposition has been approved by a
131.20 majority of the votes cast on the question at a regular or special election.

131.21 Sec. 65. Minnesota Statutes 2010, section 412.301, is amended to read:

131.22 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

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

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

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

131.28 (2) computer hardware and software, whether bundled with machinery or equipment
131.29 or unbundled.

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

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

132.1 (e) If the amount of the certificates or notes to be issued to finance any such purchase
132.2 exceeds 0.25 percent of the estimated market value of taxable property in the city, they
132.3 shall not be issued for at least ten days after publication in the official newspaper of
132.4 a council resolution determining to issue them; and if before the end of that time, a
132.5 petition asking for an election on the proposition signed by voters equal to ten percent
132.6 of the number of voters at the last regular municipal election is filed with the clerk, such
132.7 certificates or notes shall not be issued until the proposition of their issuance has been
132.8 approved by a majority of the votes cast on the question at a regular or special election.

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

132.11 Sec. 66. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

132.12 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance
132.13 establishing a special service district. Only property that is classified under section 273.13
132.14 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or
132.15 designated on a land use plan for commercial or industrial use and located in the special
132.16 service district, may be subject to the charges imposed by the city on the special service
132.17 district. Other types of property may be included within the boundaries of the special
132.18 service district but are not subject to the levies or charges imposed by the city on the
132.19 special service district. If 50 percent or more of the estimated market value of a parcel of
132.20 property is classified under section 273.13 as commercial, industrial, or vacant land zoned
132.21 or designated on a land use plan for commercial or industrial use, or public utility for the
132.22 current assessment year, then the entire taxable market value of the property is subject to a
132.23 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.
132.24 The ordinance shall describe with particularity the area within the city to be included in
132.25 the district and the special services to be furnished in the district. The ordinance may not
132.26 be adopted until after a public hearing has been held on the question. Notice of the hearing
132.27 shall include the time and place of hearing, a map showing the boundaries of the proposed
132.28 district, and a statement that all persons owning property in the proposed district that
132.29 would be subject to a service charge will be given opportunity to be heard at the hearing.
132.30 Within 30 days after adoption of the ordinance under this subdivision, the governing body
132.31 shall send a copy of the ordinance to the commissioner of revenue.

132.32 Sec. 67. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

132.33 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive
132.34 and consider the estimate required in subdivision 1 and the items of cost after notice and

133.1 hearing before it or its appropriate committee as it considers necessary or expedient,
133.2 and shall approve the estimate, with necessary amendments. The amounts of each item
133.3 of cost estimated are then appropriated to operate, maintain, and improve the pedestrian
133.4 mall during the next fiscal year. The amount of the special tax to be charged under
133.5 subdivision 1, clause (3), must not, however, exceed 0.12089 percent of estimated market
133.6 value of taxable property in the district. The council shall make any necessary adjustment
133.7 in costs of operating and maintaining the district to keep the amount of the tax within
133.8 this limitation.

133.9 Sec. 68. Minnesota Statutes 2010, section 447.10, is amended to read:

133.10 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

133.11 The governing body of a city of the first class owning a hospital may annually levy
133.12 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of
133.13 ~~taxable~~ estimated market value.

133.14 Sec. 69. Minnesota Statutes 2010, section 450.19, is amended to read:

133.15 **450.19 TOURIST CAMPING GROUNDS.**

133.16 A home rule charter or statutory city or town may establish and maintain public
133.17 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or
133.18 gift, suitable lands located either within or without the corporate limits for use as public
133.19 tourist camping grounds and provide for the equipment, operation, and maintenance
133.20 of the same. The amount that may be expended for the maintenance, improvement, or
133.21 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806
133.22 percent of ~~taxable~~ estimated market value.

133.23 Sec. 70. Minnesota Statutes 2010, section 450.25, is amended to read:

133.24 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**
133.25 **LEVY.**

133.26 After the acquisition of any museum, gallery, or school of arts or crafts, the board
133.27 of park commissioners of the city in which it is located shall cause to be included in the
133.28 annual tax levy upon all the taxable property of the county in which the museum, gallery,
133.29 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.
133.30 The board shall certify the levy to the county auditor and it shall be added to, and collected
133.31 with and as part of, the general, real, and personal property taxes, with like penalties and
133.32 interest, in case of nonpayment and default, and all provisions of law in respect to the

134.1 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in
134.2 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be
134.3 paid to the city treasurer of the city in which is located the museum, gallery, or school
134.4 of arts or crafts and credited to a fund to be known as the park museum fund, and shall
134.5 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the
134.6 proceeds of the levy not expended for the purposes specified in section 450.24 may be
134.7 used for the erection of new buildings for the same purposes.

134.8 Sec. 71. Minnesota Statutes 2010, section 458A.10, is amended to read:

134.9 **458A.10 PROPERTY TAX.**

134.10 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated
134.11 market value on all the taxable property in the transit area at a rate sufficient to produce
134.12 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the
134.13 payment of principal and interest due on any revenue bonds issued pursuant to section
134.14 458A.05. Property taxes levied under this section shall be certified by the commission to
134.15 the county auditors of the transit area, extended, assessed, and collected in the manner
134.16 provided by law for the property taxes levied by the governing bodies of cities. The
134.17 proceeds of the taxes levied under this section shall be remitted by the respective county
134.18 treasurers to the treasurer of the commission, who shall credit the same to the funds of
134.19 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any
134.20 applicable pledges or limitations on account of tax anticipation certificates or other
134.21 specific purposes. At any time after making a tax levy under this section and certifying
134.22 it to the county auditors, the commission may issue general obligation certificates of
134.23 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

134.24 Sec. 72. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

134.25 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in
134.26 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,
134.27 limiting the amount levied in any one year for general or special purposes, the city council
134.28 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253
134.29 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy
134.30 shall take effect immediately upon its passage and approval. The proceeds of the levy
134.31 shall be paid into the city treasury and deposited in the operating fund provided for in
134.32 section 458A.24, subdivision 3.

134.33 Sec. 73. Minnesota Statutes 2010, section 465.04, is amended to read:

135.1 **465.04 ACCEPTANCE OF GIFTS.**

135.2 Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated
135.3 market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially
135.4 equalized by the commissioner of revenue, either under home rule charter or under the
135.5 laws of this state, in addition to all other powers possessed by them, hereby are authorized
135.6 and empowered to receive and accept gifts and donations for the use and benefit of
135.7 such cities and the inhabitants thereof upon terms and conditions to be approved by the
135.8 governing bodies of such cities; and such cities are authorized to comply with and perform
135.9 such terms and conditions, which may include payment to the donor or donors of interest
135.10 on the value of the gift at not exceeding five percent per annum payable annually or
135.11 semiannually, during the remainder of the natural life or lives of such donor or donors.

135.12 Sec. 74. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

135.13 Subd. 6. **Operation area as taxing district, special tax.** All of the territory
135.14 included within the area of operation of any authority shall constitute a taxing district for
135.15 the purpose of levying and collecting special benefit taxes as provided in this subdivision.
135.16 All of the taxable property, both real and personal, within that taxing district shall be
135.17 deemed to be benefited by projects to the extent of the special taxes levied under this
135.18 subdivision. Subject to the consent by resolution of the governing body of the city in and
135.19 for which it was created, an authority may levy a tax upon all taxable property within that
135.20 taxing district. The tax shall be extended, spread, and included with and as a part of
135.21 the general taxes for state, county, and municipal purposes by the county auditor, to be
135.22 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,
135.23 including any penalties, interest, and costs, is collected by the county treasurer it shall be
135.24 accumulated and kept in a separate fund to be known as the "housing and redevelopment
135.25 project fund." The money in the fund shall be turned over to the authority at the same time
135.26 and in the same manner that the tax collections for the city are turned over to the city, and
135.27 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid
135.28 out upon vouchers signed by the chair of the authority or an authorized representative.
135.29 The amount of the levy shall be an amount approved by the governing body of the city, but
135.30 shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall
135.31 each year formulate and file a budget in accordance with the budget procedure of the city
135.32 in the same manner as required of executive departments of the city or, if no budgets are
135.33 required to be filed, by August 1. The amount of the tax levy for the following year shall
135.34 be based on that budget.

136.1 Sec. 75. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

136.2 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
136.3 general obligation of the general jurisdiction governmental unit as additional security for
136.4 bonds payable from income or revenues of the project or the authority. The authority
136.5 must find that the pledged revenues will equal or exceed 110 percent of the principal and
136.6 interest due on the bonds for each year. The proceeds of the bonds must be used for a
136.7 qualified housing development project or projects. The obligations must be issued and
136.8 sold in the manner and following the procedures provided by chapter 475, except the
136.9 obligations are not subject to approval by the electors, and the maturities may extend to
136.10 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
136.11 for other obligations issued under this subdivision. The authority is the municipality for
136.12 purposes of chapter 475.

136.13 (b) The principal amount of the issue must be approved by the governing body of
136.14 the general jurisdiction governmental unit whose general obligation is pledged. Public
136.15 hearings must be held on issuance of the obligations by both the authority and the general
136.16 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
136.17 than 120 days, before the sale of the obligations.

136.18 (c) The maximum amount of general obligation bonds that may be issued and
136.19 outstanding under this section equals the greater of (1) one-half of one percent of the
136.20 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose
136.21 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty
136.22 general obligation bonds, the outstanding general obligation bonds of all cities in the
136.23 county or counties issued under this subdivision must be added in calculating the limit
136.24 under clause (1).

136.25 (d) "General jurisdiction governmental unit" means the city in which the housing
136.26 development project is located. In the case of a county or multicounty authority, the
136.27 county or counties may act as the general jurisdiction governmental unit. In the case of
136.28 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
136.29 taxable property in each of the counties.

136.30 (e) "Qualified housing development project" means a housing development project
136.31 providing housing either for the elderly or for individuals and families with incomes not
136.32 greater than 80 percent of the median family income as estimated by the United States
136.33 Department of Housing and Urban Development for the standard metropolitan statistical
136.34 area or the nonmetropolitan county in which the project is located. The project must be
136.35 owned for the term of the bonds either by the authority or by a limited partnership or other
136.36 entity in which the authority or another entity under the sole control of the authority is

137.1 the sole general partner and the partnership or other entity must receive (1) an allocation
137.2 from the Department of Management and Budget or an entitlement issuer of tax-exempt
137.3 bonding authority for the project and a preliminary determination by the Minnesota
137.4 Housing Finance Agency or the applicable suballocator of tax credits that the project
137.5 will qualify for four percent low-income housing tax credits or (2) a reservation of nine
137.6 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a
137.7 suballocator of tax credits for the project. A qualified housing development project may
137.8 admit nonelderly individuals and families with higher incomes if:

137.9 (1) three years have passed since initial occupancy;

137.10 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
137.11 insufficient revenues, because of changes in population or other unforeseen circumstances
137.12 that occurred after the initial finding of adequate revenues; and

137.13 (3) the authority finds a tax levy or payment from general assets of the general
137.14 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
137.15 income individuals or families are not admitted.

137.16 (f) The authority may issue bonds to refund bonds issued under this subdivision in
137.17 accordance with section 475.67. The finding of the adequacy of pledged revenues required
137.18 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
137.19 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
137.20 after July 1, 1992.

137.21 Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

137.22 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy
137.23 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813
137.24 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city
137.25 treasurer to the treasurer of the port authority, to be spent by the authority.

137.26 Sec. 77. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

137.27 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall
137.28 replace the mandatory city levy under subdivision 4. A seaway port authority is a special
137.29 taxing district under section 275.066 and may levy a tax in any year for the benefit of the
137.30 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated
137.31 market value. The county auditor shall distribute the proceeds of the property tax levy to
137.32 the seaway port authority.

137.33 Sec. 78. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

138.1 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port
138.2 authority's city may levy a tax to be spent by and for its port authority. The tax must
138.3 enable the port authority to carry out efficiently and in the public interest sections 469.048
138.4 to 469.068 to create and develop industrial development districts. The levy must not be
138.5 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall
138.6 pay the proceeds of the tax to the port authority treasurer. The money may be spent by
138.7 the authority in performance of its duties to create and develop industrial development
138.8 districts. In spending the money the authority must judge what best serves the public
138.9 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

138.10 Sec. 79. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

138.11 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in
138.12 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of
138.13 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to
138.14 the treasurer of the authority, to be spent by the authority.

138.15 Sec. 80. Minnesota Statutes 2010, section 469.177, subdivision 1, is amended to read:

138.16 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax
138.17 increment financing plan, the auditor of any county in which the district is situated shall,
138.18 upon request of the authority, certify the original net tax capacity of the tax increment
138.19 financing district and that portion of the district overlying any subdistrict as described in
138.20 the tax increment financing plan and shall certify in each year thereafter the amount by
138.21 which the original net tax capacity has increased or decreased as a result of a change in tax
138.22 exempt status of property within the district and any subdistrict, reduction or enlargement
138.23 of the district or changes pursuant to subdivision 4. The auditor shall certify the amount
138.24 within 30 days after receipt of the request and sufficient information to identify the parcels
138.25 included in the district. The certification relates to the taxes payable year as provided in
138.26 subdivision 6.

138.27 (b) If the classification under section 273.13 of property located in a district changes
138.28 to a classification that has a different assessment ratio, the original net tax capacity of that
138.29 property must be redetermined at the time when its use is changed as if the property had
138.30 originally been classified in the same class in which it is classified after its use is changed.

138.31 (c) The amount to be added to the original net tax capacity of the district as a result
138.32 of previously tax exempt real property within the district becoming taxable equals the net
138.33 tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if
138.34 that assessment was made more than one year prior to the date of title transfer rendering

139.1 the property taxable, the net tax capacity assessed by the assessor at the time of the
 139.2 transfer. If improvements are made to tax exempt property after the municipality approves
 139.3 the district and before the parcel becomes taxable, the assessor shall, at the request of
 139.4 the authority, separately assess the estimated market value of the improvements. If the
 139.5 property becomes taxable, the county auditor shall add to original net tax capacity, the net
 139.6 tax capacity of the parcel, excluding the separately assessed improvements. If substantial
 139.7 taxable improvements were made to a parcel after certification of the district and if the
 139.8 property later becomes tax exempt, in whole or part, as a result of the authority acquiring
 139.9 the property through foreclosure or exercise of remedies under a lease or other revenue
 139.10 agreement or as a result of tax forfeiture, the amount to be added to the original net tax
 139.11 capacity of the district as a result of the property again becoming taxable is the amount
 139.12 of the parcel's value that was included in original net tax capacity when the parcel was
 139.13 first certified. The amount to be added to the original net tax capacity of the district as a
 139.14 result of enlargements equals the net tax capacity of the added real property as most
 139.15 recently certified by the commissioner of revenue as of the date of modification of the tax
 139.16 increment financing plan pursuant to section 469.175, subdivision 4.

139.17 (d) If the net tax capacity of a property increases because the property no longer
 139.18 qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the
 139.19 Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan
 139.20 Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is
 139.21 improved or market value is increased after approval of the plat under section 273.11,
 139.22 subdivision ~~14~~, 14a, or 14b, the increase in net tax capacity must be added to the original
 139.23 net tax capacity. If the net tax capacity of a property increases because the property
 139.24 no longer qualifies for the homestead market value exclusion under section 273.13,
 139.25 subdivision 35, the increase in net tax capacity must be added to the original net tax
 139.26 capacity if the original construction of the affected home was completed before the date
 139.27 the assessor certified the original net tax capacity of the district.

139.28 (e) The amount to be subtracted from the original net tax capacity of the district as a
 139.29 result of previously taxable real property within the district becoming tax exempt or
 139.30 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
 139.31 the geographic area of the district, shall be the amount of original net tax capacity initially
 139.32 attributed to the property becoming tax exempt, being excluded from taxable market
 139.33 value, or being removed from the district. If the net tax capacity of property located within
 139.34 the tax increment financing district is reduced by reason of a court-ordered abatement,
 139.35 stipulation agreement, voluntary abatement made by the assessor or auditor or by order
 139.36 of the commissioner of revenue, the reduction shall be applied to the original net tax

140.1 capacity of the district when the property upon which the abatement is made has not been
140.2 improved since the date of certification of the district and to the captured net tax capacity
140.3 of the district in each year thereafter when the abatement relates to improvements made
140.4 after the date of certification. The county auditor may specify reasonable form and content
140.5 of the request for certification of the authority and any modification thereof pursuant to
140.6 section 469.175, subdivision 4.

140.7 (f) If a parcel of property contained a substandard building or improvements
140.8 described in section 469.174, subdivision 10, paragraph (e), that were demolished or
140.9 removed and if the authority elects to treat the parcel as occupied by a substandard
140.10 building under section 469.174, subdivision 10, paragraph (b), or by improvements under
140.11 section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax
140.12 capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or
140.13 (2) the estimated market value of the parcel for the year in which the building or other
140.14 improvements were demolished or removed, but applying the class rates for the current
140.15 year.

140.16 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,
140.17 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of
140.18 the land as the original tax capacity for any parcel in the district that contains a building
140.19 that suffered substantial damage as a result of the disaster or emergency.

140.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
140.21 and applies to all districts, regardless of when the request for certification was made, and
140.22 to computation of increment beginning with taxes payable in 2013, provided that the
140.23 adjustments to original tax capacity required by this section apply only to exclusions
140.24 that reduced taxable market value beginning with taxes payable in 2012 or thereafter,
140.25 regardless of when the law authorizing the exclusion became effective.

140.26 Sec. 81. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

140.27 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may
140.28 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080
140.29 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

140.30 Sec. 82. Minnesota Statutes 2010, section 469.187, is amended to read:

140.31 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**
140.32 **BOARD.**

141.1 Any city of the first class may expend money for city publicity purposes. The city
141.2 may levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The
141.3 proceeds of the levy shall be expended in the manner and for the city publicity purposes
141.4 the council directs. The council may establish and provide for a publicity board or bureau
141.5 to administer the fund, subject to the conditions and limitations the council prescribes
141.6 by ordinance.

141.7 Sec. 83. Minnesota Statutes 2010, section 469.206, is amended to read:

141.8 **469.206 HAZARDOUS PROPERTY PENALTY.**

141.9 A city may assess a penalty up to one percent of the estimated market value of
141.10 real property, including any building located within the city that the city determines to
141.11 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written
141.12 notice to the address to which the property tax statement is sent at least 90 days before it
141.13 may assess the penalty. If the owner of the property has not paid the penalty or fixed the
141.14 property within 90 days after receiving notice of the penalty, the penalty is considered
141.15 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the
141.16 property remains hazardous. For the purposes of this section, a penalty that is delinquent
141.17 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the
141.18 same manner as delinquent property taxes.

141.19 Sec. 84. Minnesota Statutes 2010, section 471.24, is amended to read:

141.20 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**
141.21 **CEMETERY.**

141.22 Where a statutory city or town owns and maintains an established cemetery or burial
141.23 ground, either within or without the municipal limits, the statutory city or town may, by
141.24 mutual agreement with contiguous statutory cities and towns, each having ~~a~~ an estimated
141.25 market value of not less than \$2,000,000, join together in the maintenance of such public
141.26 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and
141.27 each such municipality is hereby authorized, by action of its council or governing body,
141.28 to levy a tax or make an appropriation for the annual support and maintenance of such
141.29 cemetery or burial ground; provided, the amount thus appropriated by each municipality
141.30 shall not exceed a total of \$10,000 in any one year.

141.31 Sec. 85. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

141.32 Subdivision 1. **Application.** This section applies to each city in which the net tax
141.33 capacity of real and personal property consists in part of iron ore or lands containing

142.1 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real
142.2 and personal property exceeds \$2,500,000.

142.3 Sec. 86. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

142.4 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a
142.5 permanent improvement and replacement fund to be maintained by an annual tax levy.
142.6 The governing body may levy a tax in excess of any charter limitation for the support of
142.7 the permanent improvement and replacement fund, but not exceeding the following:

142.8 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20
142.9 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

142.10 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the
142.11 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~
142.12 estimated market value;

142.13 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,
142.14 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~
142.15 estimated market value.

142.16 Sec. 87. Minnesota Statutes 2010, section 471.73, is amended to read:

142.17 **471.73 ACCEPTANCE OF PROVISIONS.**

142.18 In the case of any city within the class specified in section 471.72 having ~~a an~~
142.19 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the
142.20 case of any statutory city within such class having ~~a an~~ estimated market value, ~~as defined~~
142.21 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such
142.22 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in
142.23 the case of any statutory city within such class which is governed by Laws 1929, chapter
142.24 208, and has ~~a an~~ estimated market value of less than \$83,000,000; and in the case of
142.25 any school district within such class having ~~a an~~ estimated market value, ~~as defined in~~
142.26 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;
142.27 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the
142.28 board of the school district, or the town board of the town shall have adopted a resolution
142.29 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go
142.30 upon a cash basis in accordance with the provisions thereof.

142.31 Sec. 88. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

142.32 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and
142.33 issue the bonds in the manner provided in chapter 475, and shall have the same powers

143.1 and duties as a municipality issuing bonds under that law, except that the approval of a
 143.2 majority of the electors shall not be required and the net debt limitations shall not apply.
 143.3 The terms of each series of bonds shall be fixed so that the amount of principal and interest
 143.4 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,
 143.5 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable
 143.6 property in the metropolitan area as last finally equalized prior to a proposed issue. The
 143.7 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes
 143.8 required for their payment shall be levied by the council, shall not affect the amount or rate
 143.9 of taxes which may be levied by the council for other purposes, shall be spread against all
 143.10 taxable property in the metropolitan area and shall not be subject to limitation as to rate or
 143.11 amount. Any taxes certified by the council to the county auditors for collection shall be
 143.12 reduced by the amount received by the council from the commissioner of management and
 143.13 budget or the federal government for the purpose of paying the principal and interest on
 143.14 bonds to which the levy relates. The council shall certify the fact and amount of all money
 143.15 so received to the county auditors, and the auditors shall reduce the levies previously made
 143.16 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

143.17 Sec. 89. Minnesota Statutes 2010, section 473.629, is amended to read:

143.18 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**
 143.19 **DISTRICTS.**

143.20 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~
 143.21 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market
 143.22 value of such the detached lands and the net tax capacity of taxable properties now located
 143.23 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute
 143.24 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of
 143.25 properties upon the basis of which such used to calculate the net debt limit of the school
 143.26 district may issue its bonds. The value of such the lands for such purpose to be and other
 143.27 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of
 143.28 the estimated market value thereof as determined and certified by said the assessor to said
 143.29 the school district, and it shall be the duty of such the assessor annually on or before the
 143.30 tenth day of October from and after the passage hereof, to so of each year, shall determine
 143.31 and certify that value; provided, however, that the value of such the detached lands and
 143.32 such taxable properties shall never exceed 20 percent of the estimated market value of
 143.33 all properties constituting and making up the basis aforesaid used to calculate the net
 143.34 debt limit of the school district.

144.1 Sec. 90. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

144.2 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this
144.3 section, the amount included for operation and maintenance shall not exceed an amount
144.4 which, when extended against the property taxable therefor under section 473.621,
144.5 subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value.
144.6 Taxes levied by the corporation shall not affect the amount or rate of taxes which may
144.7 be levied by any other local government unit within the metropolitan area under the
144.8 provisions of any charter.

144.9 Sec. 91. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

144.10 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from
144.11 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property
144.12 within its taxing jurisdiction, in addition to any levies found necessary for the debt
144.13 service fund authorized by section 473.671. Nothing herein shall prevent the levy and
144.14 appropriation for purposes of the commission of any other tax on property or on any
144.15 income, transaction, or privilege, when and if authorized by law. All collections of any
144.16 taxes so levied shall be included in the revenues appropriated for the purposes referred
144.17 to in this section, unless otherwise provided in the law authorizing the levies; but no
144.18 covenant as to the continuance or as to the rate and amount of any such levy shall be made
144.19 with the holders of the commission's bonds unless specifically authorized by law.

144.20 Sec. 92. Minnesota Statutes 2010, section 473.671, is amended to read:

144.21 **473.671 LIMIT OF TAX LEVY.**

144.22 The taxes levied against the property of the metropolitan area in any one year shall
144.23 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied
144.24 to pay the principal or interest on any bonds or indebtedness of the city issued under
144.25 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for
144.26 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter
144.27 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the
144.28 maximum rate allowed to be levied to defray the cost of government under the provisions
144.29 of the charter of any city affected by Laws 1943, chapter 500.

144.30 Sec. 93. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

144.31 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in
144.32 the district as defined in section 473.702 to provide funds for the purposes of sections
144.33 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined

145.1 in this subdivision. A participating county may agree to levy an additional tax to be used
 145.2 by the commission for the purposes of sections 473.701 to 473.716 but the sum of the
 145.3 county's and commission's taxes may not exceed the county's proportionate share of
 145.4 the property tax levy limitation determined under this subdivision based on the ratio of
 145.5 its total net tax capacity to the total net tax capacity of the entire district as adjusted by
 145.6 section 270.12, subdivision 3. The auditor of each county in the district shall add the
 145.7 amount of the levy made by the district to other taxes of the county for collection by
 145.8 the county treasurer with other taxes. When collected, the county treasurer shall make
 145.9 settlement of the tax with the district in the same manner as other taxes are distributed
 145.10 to political subdivisions. No county shall levy any tax for mosquito, disease vectoring
 145.11 tick, and black gnat (Simuliidae) control except under this section. The levy shall be in
 145.12 addition to other taxes authorized by law.

145.13 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall
 145.14 not exceed the product of (i) the commission's property tax levy limitation for the previous
 145.15 year determined under this subdivision multiplied by (ii) an index for market valuation
 145.16 changes equal to the total estimated market valuation value of all taxable property for the
 145.17 current tax payable year located within the district plus any area that has been added to the
 145.18 district since the previous year, divided by the total estimated market valuation value of all
 145.19 taxable property located within the district for the previous taxes payable year.

145.20 ~~(c) For the purpose of determining the commission's property tax levy limitation~~
 145.21 ~~under this subdivision, "total market valuation" means the total market valuation of all~~
 145.22 ~~taxable property within the district without valuation adjustments for fiscal disparities~~
 145.23 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~
 145.24 ~~transmission lines (section 273.425).~~

145.25 Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

145.26 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal
 145.27 property within a municipality means the assessor's estimated taxable market value,
 145.28 as defined in section 272.03, of all real and personal property, including the value of
 145.29 manufactured housing, within the municipality, adjusted for sales ratios in a manner
 145.30 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~
 145.31 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~
 145.32 ~~determinations and reports with respect to each municipality which are comparable to~~
 145.33 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~
 145.34 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~
 145.35 ~~of revenue shall annually determine, for each municipality, information comparable to~~

146.1 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~
146.2 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~
146.3 ~~market value of property within each municipality using the aggregate sales ratios from~~
146.4 ~~the Department of Revenue's sales ratio study.~~

146.5 Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

146.6 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
146.7 adjusted market value, determined as of January 2 of any year, divided by its population,
146.8 determined as of a date in the same year.

146.9 Sec. 96. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

146.10 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
146.11 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
146.12 as of January 2 of any year, divided by the sum of their populations, determined as of
146.13 a date in the same year.

146.14 Sec. 97. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

146.15 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of
146.16 real and personal property multiplied by its net tax capacity rates in section 273.13.

146.17 Sec. 98. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

146.18 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this
146.19 section if the maximum amount of principal and interest to become due in any year on
146.20 all the outstanding bonds issued under this section, including the bonds to be issued,
146.21 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property
146.22 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated
146.23 market value for the taxes payable year in which the obligations are issued and sold. In
146.24 the case of a municipality with a population of 2,500 or more, the bonds are subject to
146.25 the net debt limits under section 475.53. In the case of a shared facility in which more
146.26 than one municipality participates, upon compliance by each participating municipality
146.27 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
146.28 represented by the bonds shall be allocated to each participating municipality in proportion
146.29 to its required financial contribution to the financing of the shared facility, as set forth in
146.30 the joint powers agreement relating to the shared facility. This section does not limit the
146.31 authority to issue bonds under any other special or general law.

147.1 Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

147.2 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to
147.3 475.74, no municipality, except a school district or a city of the first class, shall incur or be
147.4 subject to a net debt in excess of three percent of the estimated market value of taxable
147.5 property in the municipality.

147.6 Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

147.7 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of
147.8 the first class may not incur a net debt in excess of two percent of the estimated market
147.9 value of all taxable property therein. If the charter of the city permits a net debt of the city
147.10 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3
147.11 percent of the estimated market value of the taxable property therein.

147.12 The county auditor, at the time of preparing the tax list of the city, shall compile a
147.13 statement setting forth the total net tax capacity and the total estimated market value of
147.14 each class of taxable property in such city for such year.

147.15 Sec. 101. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

147.16 Subd. 4. **School districts.** Except as otherwise provided by law, no school district
147.17 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value
147.18 of all taxable property situated within its corporate limits, as computed in accordance with
147.19 this subdivision. The county auditor of each county containing taxable real or personal
147.20 property situated within any school district shall certify to the district upon request the
147.21 estimated market value of all such property. Whenever the commissioner of revenue, in
147.22 accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax~~
147.23 ~~capacity of any district furnished by county auditors is not based upon the~~ adjusted market
147.24 value of taxable property in the district exceeds the estimated market value of property
147.25 within the district, the commissioner of revenue shall certify to the district upon request
147.26 the ratio most recently ascertained to exist between ~~such~~ the estimated market value and
147.27 the ~~actual~~ adjusted market value of property within the district, and the ~~actual market~~
147.28 ~~value of property within a district, on which its debt limit under this subdivision is~~ will
147.29 be based, is (a) the value certified by the county auditors, or (b) this on the estimated
147.30 market value divided by the ratio certified by the commissioner of revenue, ~~whichever~~
147.31 ~~results in a higher value.~~

147.32 Sec. 102. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

148.1 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose
148.2 outstanding gross debt, including all items referred to in section 475.51, subdivision
148.3 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under
148.4 this subdivision for the purpose of funding or refunding such indebtedness or any part
148.5 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the
148.6 recording officer and treasurer and filed in the office of the recording officer. The initial
148.7 resolution of the governing body shall refer to this subdivision as authority for the issue,
148.8 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or
148.9 refunded. This resolution shall be published once each week for two successive weeks
148.10 in a legal newspaper published in the municipality or if there be no such newspaper, in
148.11 a legal newspaper published in the county seat. Such bonds may be issued without the
148.12 submission of the question of their issue to the electors unless within ten days after the
148.13 second publication of the resolution a petition requesting such election signed by ten or
148.14 more voters who are taxpayers of the municipality, shall be filed with the recording officer.
148.15 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a
148.16 majority of the electors voting on the question.

148.17 Sec. 103. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

148.18 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the
148.19 provisions of section 475.60 may be purchased by the State Board of Investment if the
148.20 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of
148.21 the attorney general as to form and execution of the application therefor, and under rules
148.22 as the board may specify, and the state board shall have authority to purchase the same
148.23 to an amount not exceeding 3.63 percent of the estimated market value of the taxable
148.24 property of the municipality, according to the last preceding assessment. The obligations
148.25 shall not run for a shorter period than one year, nor for a longer period than 30 years and
148.26 shall bear interest at a rate to be fixed by the state board but not less than two percent per
148.27 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by
148.28 virtue thereof, the commissioner of management and budget shall certify to the respective
148.29 auditors of the various counties wherein are situated the municipalities issuing the same,
148.30 the number, denomination, amount, rate of interest and date of maturity of each obligation.

148.31 Sec. 104. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20,
148.32 is amended to read:

148.33 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~
148.34 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~

149.1 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~
149.2 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~
149.3 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~
149.4 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~
149.5 ~~to that for which aids are being calculated. The market value utilized in computing city~~
149.6 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~
149.7 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~
149.8 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~
149.9 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~
149.10 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~
149.11 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~
149.12 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~
149.13 ~~the city's adjusted net tax capacity under section 273.1325.~~

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

149.15 Sec. 105. Minnesota Statutes 2010, section 477A.011, subdivision 32, is amended to
149.16 read:

149.17 Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage"
149.18 for a city is 100 times the sum of the estimated market values of all real property in the
149.19 city classified as class 3 under section 273.13, subdivision 24, excluding public utility
149.20 property, to the total estimated market value of all taxable real and personal property in
149.21 the city. The estimated market values are the amounts computed before any adjustments
149.22 for fiscal disparities under section 276A.06 or 473F.08. The estimated market values
149.23 used for this subdivision are not equalized.

149.24 **EFFECTIVE DATE.** This section is effective for aids payable in 2014 and
149.25 thereafter.

149.26 Sec. 106. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to
149.27 read:

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

149.30 (b) "County program aid" means the sum of "county need aid," "county tax base
149.31 equalization aid," and "county transition aid."

149.32 (c) "Age-adjusted population" means a county's population multiplied by the county
149.33 age index.

150.1 (d) "County age index" means the percentage of the population over age 65 within
150.2 the county divided by the percentage of the population over age 65 within the state, except
150.3 that the age index for any county may not be greater than 1.8 nor less than 0.8.

150.4 (e) "Population over age 65" means the population over age 65 established as of
150.5 July 15 in an aid calculation year by the most recent federal census, by a special census
150.6 conducted under contract with the United States Bureau of the Census, by a population
150.7 estimate made by the Metropolitan Council, or by a population estimate of the state
150.8 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated
150.9 date of the count or estimate for the preceding calendar year and which has been certified
150.10 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision
150.11 to an estimate or count is effective for these purposes only if certified to the commissioner
150.12 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of
150.13 estimates and counts established as of July 15 in the aid calculation year are subject to
150.14 correction within the time periods allowed under section 477A.014.

150.15 (f) "Part I crimes" means the three-year average annual number of Part I crimes
150.16 reported for each county by the Department of Public Safety for the most recent years
150.17 available. By July 1 of each year, the commissioner of public safety shall certify to the
150.18 commissioner of revenue the number of Part I crimes reported for each county for the
150.19 three most recent calendar years available.

150.20 (g) "Households receiving food stamps" means the average monthly number of
150.21 households receiving food stamps for the three most recent years for which data is
150.22 available. By July 1 of each year, the commissioner of human services must certify to the
150.23 commissioner of revenue the average monthly number of households in the state and in
150.24 each county that receive food stamps, for the three most recent calendar years available.

150.25 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~
150.26 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's
150.27 adjusted net tax capacity under section 273.1325.

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

150.29 Sec. 107. Minnesota Statutes 2010, section 641.23, is amended to read:

150.30 **641.23 FUNDS; HOW PROVIDED.**

150.31 Before any contract is made for the erection of a county jail, sheriff's residence, or
150.32 both, the county board shall either levy a sufficient tax to provide the necessary funds, or
150.33 issue county bonds therefor in accordance with the provisions of chapter 475, provided
150.34 that no election is required if the amount of all bonds issued for this purpose and interest

151.1 on them which are due and payable in any year does not exceed an amount equal to
151.2 0.09671 percent of estimated market value of taxable property within the county, as last
151.3 determined before the bonds are issued.

151.4 Sec. 108. Minnesota Statutes 2010, section 641.24, is amended to read:

151.5 **641.24 LEASING.**

151.6 The county may, by resolution of the county board, enter into a lease agreement with
151.7 any statutory or home rule charter city situated within the county, or a county housing and
151.8 redevelopment authority established pursuant to chapter 469 or any special law whereby
151.9 the city or county housing and redevelopment authority will construct a jail or other law
151.10 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the
151.11 sheriff and other law enforcement agencies, in accordance with plans prepared by or at
151.12 the request of the county board and, when required, approved by the commissioner of
151.13 corrections and will finance it by the issuance of revenue bonds, and the county may lease
151.14 the site and improvements for a term and upon rentals sufficient to produce revenue for the
151.15 prompt payment of the bonds and all interest accruing thereon and, upon completion of
151.16 payment, will acquire title thereto. The real and personal property acquired for the jail
151.17 shall constitute a project and the lease agreement shall constitute a revenue agreement
151.18 as contemplated in chapter 469, and all proceedings shall be taken by the city or county
151.19 housing and redevelopment authority and the county in the manner and with the force and
151.20 effect provided in chapter 469; provided that:

151.21 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

151.22 (2) the approval of the project by the commissioner of commerce shall not be
151.23 required;

151.24 (3) the Department of Corrections shall be furnished and shall record such
151.25 information concerning each project as it may prescribe;

151.26 (4) the rentals required to be paid under the lease agreement shall not exceed in any
151.27 year one-tenth of one percent of the estimated market value of property within the county,
151.28 as last finally equalized before the execution of the agreement;

151.29 (5) the county board shall provide for the payment of all rentals due during the term
151.30 of the lease, in the manner required in section 641.264, subdivision 2;

151.31 (6) no mortgage on the property shall be granted for the security of the bonds, but
151.32 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the
151.33 county board; and

151.34 (7) the county board may sublease any part of the jail property for purposes consistent
151.35 with the maintenance and operation of a county jail or other law enforcement facility.

152.1 Sec. 109. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision
152.2 to read:

152.3 Subd. 20. **Estimated market value.** When used in determining or calculating a
152.4 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or
152.5 capital note issuance by or for a local government unit, "estimated market value" has the
152.6 meaning given in section 273.032.

152.7 Sec. 110. **REVISOR'S INSTRUCTION.**

152.8 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,
152.9 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all
152.10 cross-references to the affected subdivisions accordingly.

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

152.12 Sec. 111. **REPEALER.**

152.13 Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision
152.14 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and
152.15 477A.011, subdivision 21, are repealed.

152.16 Sec. 112. **EFFECTIVE DATE.**

152.17 Unless otherwise specifically provided, this article is effective the day following
152.18 final enactment for purposes of limits on net debt, the issuance of bonds, certificates of
152.19 indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for
152.20 all other purposes.

152.21 **ARTICLE 8**

152.22 **MISCELLANEOUS TAXES**

152.23 Section 1. **[136A.129] GREATER MINNESOTA INTERNSHIP PROGRAM.**

152.24 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
152.25 this subdivision have the meanings given them.

152.26 (b) "Eligible employer" means a taxpayer under section 290.01 with employees
152.27 located in greater Minnesota.

152.28 (c) "Eligible institution" means a Minnesota public postsecondary institution, or a
152.29 Minnesota private, nonprofit, baccalaureate degree granting college or university.

152.30 (d) "Eligible student" means a student enrolled in an eligible institution who is a
152.31 junior or senior in a degree program or has completed one-half of the credits necessary for
152.32 an associate degree or certification.

153.1 (e) "Greater Minnesota" means the area located outside of the metropolitan area, as
153.2 defined in section 473.121, subdivision 2.

153.3 (f) "Office" means the Office of Higher Education.

153.4 Subd. 2. **Program established.** The office, in cooperation with the Department of
153.5 Employment and Economic Development, shall administer a greater Minnesota internship
153.6 grant program for eligible employers who hire interns in greater Minnesota through
153.7 eligible institutions that provide academic credit. The purpose of the program is to
153.8 encourage Minnesota businesses to:

153.9 (1) employ and provide valuable experience to Minnesota students; and

153.10 (2) foster long-term relationships between the students and greater Minnesota
153.11 employers.

153.12 Subd. 3. **Program components.** (a) An intern must be an eligible student who
153.13 has been admitted to a major program that is closely related to the intern experience
153.14 as determined by the eligible institution.

153.15 (b) To participate in the program, an eligible institution must:

153.16 (1) enter into written agreements with eligible employers to provide paid internships
153.17 that are at least 12 weeks long and located in greater Minnesota;

153.18 (2) determine that the work experience of the internship is closely related to the
153.19 eligible student's course of study; and

153.20 (3) provide academic credit for the successful completion of the internship or
153.21 ensure that it fulfills requirements necessary to complete a vocational technical education
153.22 program.

153.23 (c) To participate in the program, an eligible employer must enter into a written
153.24 agreement with an eligible institution specifying that the intern:

153.25 (1) would not have been hired without the grant described in subdivision 4;

153.26 (2) did not work for the employer prior to entering the agreement;

153.27 (3) does not replace an existing employee;

153.28 (4) has not previously participated in the program;

153.29 (5) will be employed at a location in greater Minnesota;

153.30 (6) will be paid at least minimum wage for a minimum of 16 hours per week for at
153.31 least a 12-week period; and

153.32 (7) will be supervised and evaluated by the employer.

153.33 (d) Participating eligible institutions and eligible employers must report annually to
153.34 the office. The report must include at least the following:

153.35 (1) the number of interns hired;

153.36 (2) the number of hours and weeks worked by interns; and

154.1 (3) the compensation paid to interns.

154.2 (e) An internship with clinical experience currently required for completion of
154.3 an academic program does not qualify for the greater Minnesota internship program
154.4 under this section.

154.5 Subd. 4. **Employer grants for internships; maximum limits.** (a) A grant for an
154.6 eligible employer equals 40 percent of the compensation paid to each qualifying intern,
154.7 not to exceed \$1,250. An employer may receive a grant for a maximum of five interns
154.8 in any fiscal year.

154.9 (b) The total amount of grants authorized under this section is limited to \$1,250,000
154.10 per fiscal year less administrative expense as provided in law. The office shall allocate
154.11 grants to eligible institutions for participating employers and certify to the Department of
154.12 Employment and Economic Development the amount of the grant.

154.13 Subd. 5. **Allocations to institutions.** The office shall allocate employer grants
154.14 authorized in subdivision 4 to eligible institutions. The office shall determine relevant
154.15 criteria to allocate the grants, including the geographic distribution of grants to work
154.16 locations outside the metropolitan area. Any grant amount allocated to an institution but
154.17 not used may be reallocated to other eligible institutions. The office shall allocate a portion
154.18 of any administrative fee to participating eligible institutions for their administrative costs.

154.19 Subd. 6. **Reports to the legislature.** (a) By February 1, 2013, the office and the
154.20 Department of Employment and Economic Development shall report to the legislature on
154.21 the greater Minnesota internship program. The report must include at least the following:

154.22 (1) the number and dollar amount of grants allocated to employers;

154.23 (2) the number of interns employed under the program; and

154.24 (3) the cost of administering the program.

154.25 (b) By February 1, 2014, the office and the Department of Employment and
154.26 Economic Development shall report to the legislature with an analysis of the effectiveness
154.27 of the program in stimulating businesses to hire interns and in assisting participating
154.28 interns in finding permanent career positions. The report must include the number of
154.29 students who participated in the program who were subsequently employed full-time by
154.30 the employer.

154.31 **EFFECTIVE DATE.** This section is effective July 1, 2012.

154.32 Sec. 2. Minnesota Statutes 2010, section 297A.8155, is amended to read:

154.33 **297A.8155 LIQUOR REPORTING REQUIREMENTS; PENALTY.**

155.1 A person who sells liquor, as defined in section 295.75, subdivision 1, in Minnesota
155.2 to a retailer that sells liquor, shall file with the commissioner an annual informational
155.3 report, in the form and manner prescribed by the commissioner, indicating the name,
155.4 address, and Minnesota business identification number of each retailer, and the total
155.5 dollar amount of liquor sold to each retailer in the previous calendar year. The report
155.6 must be filed on or before March 31 following the close of the calendar year. A person
155.7 failing to file this report is subject to the penalty imposed under section 289A.60. A
155.8 person required to file a report under this section is not required to provide a copy of an
155.9 exemption certificate, as defined in section 297A.72, provided to the person by a retailer,
155.10 along with the annual informational report.

155.11 **EFFECTIVE DATE.** This section is effective for reports required to be filed
155.12 beginning in calendar year 2012 and thereafter.

155.13 Sec. 3. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

155.14 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages
155.15 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year
155.16 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may
155.17 take the credit on the 18th day of each month, but the total credit allowed may not exceed
155.18 in any fiscal year the lesser of:

155.19 (1) the liability for tax; or

155.20 (2) \$115,000.

155.21 For purposes of this subdivision, a "qualified brewer" means a brewer, whether or
155.22 not located in this state, manufacturing less than ~~100,000~~ 250,000 barrels of fermented
155.23 malt beverages in the calendar year immediately preceding the calendar year for which
155.24 the credit under this subdivision is claimed. In determining the number of barrels, all
155.25 brands or labels of a brewer must be combined. All facilities for the manufacture of
155.26 fermented malt beverages owned or controlled by the same person, corporation, or other
155.27 entity must be treated as a single brewer.

155.28 **EFFECTIVE DATE.** This section is effective for determinations based on calendar
155.29 year 2011 production and thereafter.

155.30 Sec. 4. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision
155.31 to read:

155.32 Subd. 12. **Tax may be imposed; Otter Tail County.** (a) If Otter Tail County
155.33 does not impose a tax under this section and approves imposition of the tax under this

156.1 subdivision, the city of Vergas in Otter Tail County may impose the aggregate materials
156.2 tax under this section.

156.3 (b) For purposes of exercising the powers contained in this section, the "city" is
156.4 deemed to be the "county."

156.5 (c) All provisions in this section apply to the city of Vergas, except that in lieu of the
156.6 tax proceeds under subdivision 7, all proceeds of the tax must be retained by the city.

156.7 (d) If Otter Tail County imposes an aggregate materials tax under this section, the
156.8 tax imposed by the city of Vergas under this subdivision is repealed on the effective
156.9 date of the Otter Tail County tax.

156.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
156.11 the city of Vergas and its chief clerical officer comply with Minnesota Statutes, section
156.12 645.021, subdivisions 2 and 3.

156.13 Sec. 5. Minnesota Statutes 2010, section 469.169, is amended by adding a subdivision
156.14 to read:

156.15 Subd. 19. **Additional border city allocation; 2012.** (a) In addition to tax
156.16 reductions authorized in subdivisions 7 to 18, the commissioner shall allocate \$125,000
156.17 for tax reductions to border city enterprise zones in cities located on the western border
156.18 of the state. The commissioner shall make allocations to zones in cities on the western
156.19 border on a per capita basis. Allocations made under this subdivision may be used for
156.20 tax reductions as provided in section 469.171, or for other offsets of taxes imposed on
156.21 or remitted by businesses located in the enterprise zone, but only if the municipality
156.22 determines that the granting of the tax reduction or offset is necessary in order to retain a
156.23 business within or attract a business to the zone. The city alternatively may elect to use
156.24 any portion of the allocation provided in this paragraph for tax reductions under section
156.25 469.1732 or 469.1734.

156.26 (b) The commissioner shall allocate \$125,000 for tax reductions under section
156.27 469.1732 or 469.1734 to cities with border city enterprise zones located on the western
156.28 border of the state. The commissioner shall allocate this amount among the cities on a per
156.29 capita basis. The city alternatively may elect to use any portion of the allocation provided
156.30 in this paragraph for tax reductions as provided in section 469.171.

156.31 Sec. 6. **LIQUOR REPORTING REQUIREMENTS.**

156.32 A person who was required to submit an annual informational report under
156.33 Minnesota Statutes, section 297A.8155, to the commissioner of revenue during calendar

157.1 year 2010 or 2011 is not required to provide a copy of an exemption certificate or a
157.2 retailer's tax identification number along with the informational report.

157.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
157.4 and applies to reports required to be filed in calendar year 2010 or 2011.

157.5 Sec. 7. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

157.6 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under
157.7 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax
157.8 expenditure provide a purpose for the tax expenditure and a standard or goal against
157.9 which its effectiveness may be measured.

157.10 Subd. 2. **Federal conformity.** The provisions of article 2 conforming Minnesota
157.11 individual income tax to changes in federal law are intended to simplify compliance with
157.12 and administration of the individual income tax.

157.13 Subd. 3. **Employment of qualified veterans tax credit.** The provisions of article 2,
157.14 section 16, providing a tax credit for the employment of qualified veterans, are intended
157.15 to give an incentive to employers to hire returning veterans who would otherwise be
157.16 unemployed and to encourage their reintegration into the community. The standard against
157.17 which the effectiveness of the credit is to be measured is the additional number of veterans
157.18 who are hired as a result of the tax credit.

157.19 Subd. 4. **Extension of historic structure rehabilitation credit.** The provisions
157.20 of article 2, section 15, extending the sunset of the historic structure rehabilitation credit
157.21 are intended to create and retain jobs related to rehabilitation of historic structures in
157.22 Minnesota. The standard against which the effectiveness of the extension of the credit is to
157.23 be measured is the number of jobs created through the rehabilitation of historic structures
157.24 and the number of historic structures rehabilitated and placed in service.

157.25 Subd. 5. **Exemption of certain laboratory services from the health care provider**
157.26 **tax.** The provisions of article 3, section 2, exempting laboratory services on specimens
157.27 collected outside the state from the health care provider tax is intended to eliminate
157.28 a competitive disadvantage for laboratories located in Minnesota when competing to
157.29 provide services with laboratories located outside of the state.

157.30 Subd. 6. **Sales tax exemption for established religious orders.** The provisions
157.31 of article 3, section 7, exempting certain sales between a religious order and an affiliated
157.32 institute of higher education is intended to retain an existing sales tax exemption that

158.1 exists between St. John's Abbey and St. John's University after a governing restructure
158.2 between the two entities.

158.3 **Subd. 7. Sales tax exemption for nursing homes and boarding care homes.**

158.4 The provisions of article 3, section 8, exempting certain nursing homes and boarding
158.5 care homes is intended to clarify that an existing exemption for these facilities is not
158.6 affected by a recent property tax case related to defining nonprofit organizations engaged
158.7 in charitable activities.

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

158.9 **Sec. 8. APPROPRIATION; GREATER MINNESOTA INTERNSHIP**
158.10 **PROGRAM.**

158.11 \$1,000,000 for fiscal year 2013 is appropriated from the general fund to the
158.12 commissioner of employment and economic development for grants under Minnesota
158.13 Statutes, section 136A.129, for employers who hire interns. Up to five percent of
158.14 the appropriation is for an administrative fee for the Office of Higher Education and
158.15 participating eligible institutions. The base for the Department of Employment and
158.16 Economic Development for the greater Minnesota internship program beginning in fiscal
158.17 year 2014 is \$1,250,000.

158.18 **EFFECTIVE DATE.** This section is effective July 1, 2012.

158.19 **Sec. 9. APPROPRIATION; MINNESOTA INVESTMENT FUND.**

158.20 \$2,000,000 for fiscal year 2013 is appropriated from the general fund to the
158.21 commissioner of employment and economic development for the Minnesota investment
158.22 fund under Minnesota Statutes, section 116J.8731. This is a onetime appropriation and
158.23 is available until spent.

158.24 **Sec. 10. SPECIAL RECOVERY FUND; CANCELLATION.**

158.25 \$4,000,000 of the balance in the Revenue Department service and recovery special
158.26 revenue fund under Minnesota Statutes, section 270C.15, is transferred in fiscal year
158.27 2012 to the general fund.

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

158.29 **Sec. 11. BUDGET RESERVE.**

159.1 To offset the payment to the centers for Medicaid and Medicare services for the
159.2 federal share of the UCare donation and the net budget effect on the general fund of this act
159.3 and other acts, the commissioner of management and budget shall cancel \$43,500,000 to
159.4 the general fund from the budget reserve account in Minnesota Statutes, section 16A.152.

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

159.6 Delete the title and insert:

159.7 "A bill for an act
159.8 relating to financing of state and local government; making changes to individual
159.9 income, corporate franchise, property, sales and use, mineral, liquor, aggregate
159.10 materials, gross receipts, estate, local, and other taxes and tax-related provisions;
159.11 updating references to the Internal Revenue Code; changing and providing
159.12 income and franchise tax credits, exemptions, and deductions; changing income
159.13 tax withholding requirements; establishing a veterans jobs tax credit; permitting
159.14 the filing of certain amended returns; modifying property tax levies, credits,
159.15 exemptions, proposed levies and property tax notices, and tax statements;
159.16 providing for use of a local levy; changing the state general levy; modifying
159.17 the renter property tax refund and providing a supplemental targeting refund;
159.18 modifying city aid payments and reporting requirements; modifying tax
159.19 increment financing district requirements; authorizing, changing, and extending
159.20 tax increment financing districts in certain local governments; changing sales
159.21 and use tax payment requirements and changing and providing exemptions;
159.22 modifying use of revenues and authorizing extension of certain sales and
159.23 lodging taxes and other local taxes for certain cities and making other local tax
159.24 changes; modifying filing, compliance, and payment requirements for estate tax
159.25 returns; modifying requirements for qualified farms and small business property;
159.26 modifying definitions and making clarifying, technical, and other changes
159.27 relating to the issuance of municipal bonds; authorizing certain local governments
159.28 to issue public debt; clarifying limits on taxation, spending, and incurring debt
159.29 based on market values; making technical and clarifying changes, and repealing
159.30 obsolete provisions related to the homestead market value credit; changing liquor
159.31 tax reporting and credits; requiring a funds transfer; allocating funds to border
159.32 city enterprise zones; changing local standard measures program reimbursement
159.33 requirements; requiring certain local budgetary information on local Web sites;
159.34 establishing a greater Minnesota internship program; requiring reports; canceling
159.35 funds to the general fund from the budget reserve account; appropriating
159.36 money; amending Minnesota Statutes 2010, sections 6.91, subdivision 2;
159.37 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7,
159.38 8; 88.51, subdivision 3; 103B.245, subdivision 3; 103B.251, subdivision 8;
159.39 103B.635, subdivision 2; 103B.691, subdivision 2; 103D.905, subdivisions 2, 3,
159.40 8; 116J.8737, subdivisions 5, 8, by adding a subdivision; 117.025, subdivision 7;
159.41 127A.48, subdivision 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions
159.42 3, 4; 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1;
159.43 272.03, by adding subdivisions; 273.032; 273.11, subdivision 1; 273.113;
159.44 273.124, subdivisions 3a, 13; 273.13, subdivision 21b; 273.1398, subdivisions
159.45 3, 4; 275.011, subdivision 1; 275.025, subdivision 1; 275.065, subdivisions 1,
159.46 3; 275.077, subdivision 2; 275.71, subdivision 4; 276A.01, subdivisions 10,
159.47 12, 13, 15; 287.08; 287.23, subdivision 1; 289A.10, by adding a subdivision;
159.48 289A.12, by adding a subdivision; 289A.18, by adding a subdivision; 289A.20,
159.49 subdivisions 3, 4, by adding a subdivision; 289A.31, subdivision 5; 290.068,
159.50 subdivision 1; 290.0681, subdivisions 1, 3, 4, 5, 10; 290A.04, subdivision 2h;
159.51 297A.61, subdivision 4; 297A.68, subdivision 5; 297A.70, subdivision 4, by
159.52 adding subdivisions; 297A.815, subdivision 3; 297A.8155; 297G.04, subdivision
159.53 2; 298.75, by adding a subdivision; 353G.08, subdivision 2; 365.025, subdivision

160.1 4; 366.095, subdivision 1; 366.27; 368.01, subdivision 23; 368.47; 370.01;
 160.2 373.40, subdivisions 1, 2, 4; 375.167, subdivision 1; 375.18, subdivision 3;
 160.3 375.555; 383B.152; 383B.245; 383B.73, subdivision 1; 383E.20; 383E.23;
 160.4 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05, subdivision
 160.5 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02, subdivision 1; 430.102,
 160.6 subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision 1;
 160.7 465.04; 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions
 160.8 4, 4a, 6; 469.107, subdivision 1; 469.169, by adding a subdivision; 469.174,
 160.9 subdivisions 2, 10, by adding subdivisions; 469.175, subdivision 3; 469.176,
 160.10 subdivisions 1b, 4b, by adding a subdivision; 469.1763, subdivisions 3, 4;
 160.11 469.177, subdivision 1; 469.180, subdivision 2; 469.187; 469.206; 471.24;
 160.12 471.571, subdivisions 1, 2; 471.73; 473.325, subdivision 2; 473.629; 473.661,
 160.13 subdivision 3; 473.667, subdivision 9; 473.671; 473.711, subdivision 2a;
 160.14 473F.02, subdivisions 12, 14, 15, 23; 474A.02, subdivision 23a; 475.521,
 160.15 subdivisions 2, 4; 475.53, subdivisions 1, 3, 4; 475.58, subdivisions 2, 3b;
 160.16 475.73, subdivision 1; 477A.011, subdivisions 32, 36; 477A.0124, subdivision 2;
 160.17 477A.013, by adding a subdivision; 477A.017, subdivision 3; 641.23; 641.24;
 160.18 645.44, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections
 160.19 116J.8737, subdivisions 1, 2; 276.04, subdivision 2; 289A.02, subdivision 7;
 160.20 290.01, subdivisions 19, 31; 290A.03, subdivision 15; 291.005, subdivision 1;
 160.21 291.03, subdivisions 8, 9, 10, 11; 295.53, subdivision 1; 297A.68, subdivision 42;
 160.22 469.176, subdivisions 4c, 4m; 469.1763, subdivision 2; 477A.011, subdivision
 160.23 20; 477A.013, subdivision 9; Laws 1971, chapter 773, section 1, subdivision 2,
 160.24 as amended; Laws 1988, chapter 645, section 3, as amended; Laws 1998, chapter
 160.25 389, article 8, section 43, subdivision 3, as amended; Laws 1999, chapter 243,
 160.26 article 6, section 11; Laws 2002, chapter 377, article 3, section 25, as amended;
 160.27 Laws 2003, chapter 127, article 12, section 28; Laws 2005, First Special Session
 160.28 chapter 3, article 5, section 37, subdivisions 2, 4; Laws 2008, chapter 366, article
 160.29 5, section 34, as amended; article 7, section 19, subdivision 3, as amended; Laws
 160.30 2010, chapter 216, section 11; Laws 2010, chapter 389, article 1, section 12;
 160.31 proposing coding for new law in Minnesota Statutes, chapters 136A; 290; 471;
 160.32 repealing Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01,
 160.33 subdivision 11; 276A.06, subdivision 10; 290.92, subdivision 31; 473F.02,
 160.34 subdivision 13; 473F.08, subdivision 10; 477A.011, subdivision 21; Minnesota
 160.35 Statutes 2011 Supplement, section 289A.60, subdivision 31; Laws 2009, chapter
 160.36 88, article 4, section 23, as amended."

161.1 We request the adoption of this report and repassage of the bill.

161.2 House Conferees:

161.3
161.4 Greg Davids Sarah Anderson

161.5
161.6 Jenifer Loon Tara Mack

161.7
161.8 Linda Runbeck

161.9 Senate Conferees:

161.10
161.11 Julianne E. Ortman Geoff Michel

161.12
161.13 Julie A. Rosen Warren Limmer

161.14
161.15 Roger C. Chamberlain