

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

(SENATE AUTHORS: DAVIDS)

DATE	D-PG	OFFICIAL STATUS
03/22/2012	4763	Received from House
	4763	Introduction and first reading
	4764	Laid on table
03/29/2012	5413	Taken from table
	5414	Second reading
	5414	Laid on table
03/30/2012		Taken from table
	5433a	Special Order: Amended [SF1972]
	5460	Third reading Passed
04/02/2012	5547	House not concur, conference committee of 5 requested
		House conferees Davids; Anderson, S.; Loon; Mack; Runbeck
		Senate accedes, CC of 5 be appointed
	5550	Senate conferees Ortman; Michel; Rosen; Limmer; Chamberlain

A bill for an act

1.1 relating to the financing of state and local government; making technical, policy,
1.2 administrative, and clarifying changes to taxes on individual income, sales
1.3 and uses, property, aids to local governments; modifying property tax refund
1.4 payments; reducing and eliminating the state general levy; modifying various
1.5 taxes and tax-related provisions; providing income tax, sales tax, and property
1.6 tax exemptions; modifying tax increment financing authorities; setting the
1.7 levels of the cash flow account and the budget reserve account; appropriating
1.8 money; amending Minnesota Statutes 2010, sections 6.91, subdivision 2; 38.18;
1.9 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7, 8; 88.51,
1.10 subdivision 3; 103B.245, subdivision 3; 103B.251, subdivision 8; 103B.635,
1.11 subdivision 2; 103B.691, subdivision 2; 103D.905, subdivisions 2, 3, 8;
1.12 116J.8737, subdivisions 5, 7, 8, 9; 117.025, subdivision 7; 127A.48, subdivision
1.13 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04,
1.14 subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 272.03, by adding
1.15 subdivisions; 273.032; 273.11, subdivision 1; 273.13, subdivision 21b; 273.1398,
1.16 subdivisions 3, 4; 275.011, subdivision 1; 275.025, subdivisions 1, 4; 275.065,
1.17 subdivisions 1, 3; 275.077, subdivision 2; 275.71, subdivision 4; 276A.01,
1.18 subdivisions 10, 12, 13, 15; 287.08; 287.23, subdivision 1; 289A.20, subdivision
1.19 4; 289A.31, subdivision 5; 290.0677, subdivisions 1, 2; 290.0681, subdivisions 1,
1.20 3, 5, 10; 290A.04, subdivision 2h; 297A.61, subdivision 4; 297A.67, subdivision
1.21 7, by adding a subdivision; 297A.68, subdivision 5; 297A.70, by adding
1.22 a subdivision; 297A.815, subdivision 3; 297G.04, subdivision 2; 353G.08,
1.23 subdivision 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01,
1.24 subdivision 23; 368.47; 370.01; 373.40, subdivisions 1, 4; 375.167, subdivision
1.25 1; 375.18, subdivision 3; 375.555; 383B.152; 383B.245; 383B.73, subdivision
1.26 1; 383E.20; 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision
1.27 8; 401.05, subdivision 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02,
1.28 subdivision 1; 430.102, subdivision 2; 447.10; 450.19; 450.25; 458A.10;
1.29 458A.31, subdivision 1; 465.04; 469.033, subdivision 6; 469.034, subdivision 2;
1.30 469.053, subdivisions 4, 4a, 6; 469.107, subdivision 1; 469.174, subdivisions
1.31 2, 8, 10, by adding subdivisions; 469.176, subdivision 1b; 469.177, subdivision
1.32 1; 469.180, subdivision 2; 469.187; 469.206; 471.24; 471.571, subdivisions 1,
1.33 2; 471.73; 473.325, subdivision 2; 473.629; 473.661, subdivision 3; 473.667,
1.34 subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12,
1.35 14, 15, 23; 475.521, subdivision 4; 475.53, subdivisions 1, 3, 4, 5; 475.58,
1.36 subdivision 2; 475.73, subdivision 1; 477A.0124, subdivision 2; 641.23; 641.24;
1.37 645.44, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections
1.38 116J.8737, subdivisions 1, 2; 124D.4531, subdivision 1; 126C.40, subdivision
1.39

2.1 1; 276.04, subdivision 2; 289A.02, subdivision 7; 290.01, subdivisions 19, 19a,
2.2 19b, 31; 290.091, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision
2.3 1; 295.53, subdivision 1; 297A.68, subdivision 42; 297A.75, subdivisions 1, 2,
2.4 3; 297B.03; 469.1763, subdivision 2; 477A.011, subdivision 20; 477A.013,
2.5 subdivision 9; 477A.03, subdivision 2a; Laws 2008, chapter 366, article 5,
2.6 section 34, as amended; proposing coding for new law in Minnesota Statutes,
2.7 chapter 471; repealing Minnesota Statutes 2010, sections 273.11, subdivision 1a;
2.8 275.025, subdivisions 1, 2, 4; 276A.01, subdivision 11; 276A.06, subdivision
2.9 10; 290.0677, subdivision 1a; 290.92, subdivision 31; 473F.02, subdivision 13;
2.10 473F.08, subdivision 10; 477A.011, subdivision 21; Minnesota Statutes 2011
2.11 Supplement, sections 275.025, subdivision 3; 289A.60, subdivision 31.

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

2.13 **ARTICLE 1**

2.14 **INCOME TAX**

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

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

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

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

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

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

2.27 (1) \$10,000 in a calendar year by a qualified investor; or

2.28 (2) \$30,000 in a calendar year by a qualified fund.

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

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

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

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

3.6 (i) "Qualified greater Minnesota business" means a qualified small business that
3.7 is also certified by the commissioner as a qualified greater Minnesota business under
3.8 subdivision 2, paragraph (h).

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

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

3.12 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
3.13 to the commissioner for certification as a qualified small business for a calendar year.
3.14 In addition, the application may request certification as a qualified greater Minnesota
3.15 business under paragraph (h). The application must be in the form and be made under the
3.16 procedures specified by the commissioner, accompanied by an application fee of \$150.
3.17 Application fees are deposited in the small business investment tax credit administration
3.18 account in the special revenue fund. The application for certification for 2010 must
3.19 be made available on the department's Web site by August 1, 2010. Applications for
3.20 subsequent years' certification must be made available on the department's Web site by
3.21 November 1 of the preceding year.

3.22 (b) Within 30 days of receiving an application for certification under this
3.23 subdivision, the commissioner must either certify the business as satisfying the conditions
3.24 required of a qualified small business or a qualified greater Minnesota business, request
3.25 additional information from the business, or reject the application for certification. If
3.26 the commissioner requests additional information from the business, the commissioner
3.27 must either certify the business or reject the application within 30 days of receiving the
3.28 additional information. If the commissioner neither certifies the business nor rejects
3.29 the application within 30 days of receiving the original application or within 30 days of
3.30 receiving the additional information requested, whichever is later, then the application is
3.31 deemed rejected, and the commissioner must refund the \$150 application fee. A business
3.32 that applies for certification and is rejected may reapply.

3.33 (c) To receive certification as a qualified small business, a business must satisfy
3.34 all of the following conditions:

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

4.1 (2) at least 51 percent of the business's employees are employed in Minnesota, and
4.2 51 percent of the business's total payroll is paid or incurred in the state;

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

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

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

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

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

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

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

4.25 (7) the business has not been in operation for more than ten years;

4.26 (8) the business has not previously received private equity investments of more
4.27 than \$4,000,000; and

4.28 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),
4.29 clause (3).

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

4.33 (e) In order for a qualified investment in a business to be eligible for tax credits, the
4.34 business must have applied for and received certification for the calendar year in which
4.35 the investment was made prior to the date on which the qualified investment was made.

5.1 (f) The commissioner must maintain a list of qualified small businesses and qualified
5.2 greater Minnesota businesses certified under this subdivision for the calendar year and
5.3 make the list accessible to the public on the department's Web site.

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

5.5 (1) "qualified high-technology field" includes aerospace, agricultural processing,
5.6 renewable energy, energy efficiency and conservation, environmental engineering, food
5.7 technology, cellulosic ethanol, information technology, materials science technology,
5.8 nanotechnology, telecommunications, biotechnology, medical device products,
5.9 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar
5.10 fields; ~~and~~

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

5.14 (3) "greater Minnesota" means the area of Minnesota located outside of the
5.15 metropolitan area as defined in section 473.121, subdivision 2.

5.16 (h) To receive certification as a qualified greater Minnesota business, a business must
5.17 satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

5.18 (1) the business has its headquarters in greater Minnesota; and

5.19 (2) at least 51 percent of the business's employees are employed in greater Minnesota,
5.20 and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

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

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

5.23 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a
5.24 credit equal to:

5.25 (1) 25 percent of the qualified investment in a qualified small business; or

5.26 (2) 40 percent of the qualified investment in a qualified greater Minnesota business.

5.27 Investments made by a pass-through entity qualify for a credit only if the entity is a
5.28 qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to
5.29 qualified investors or qualified funds for taxable years beginning after December 31,
5.30 2009, and before January 1, 2011, ~~and~~ must not allocate more than \$12,000,000 in credits
5.31 per year for taxable years beginning after December 31, 2010, and before January 1,
5.32 ~~2015~~ 2012, and must not allocate more than \$14,000,000 in credits per year for taxable
5.33 years beginning after December 31, 2011, and before January 1, 2015. Any portion of a

6.1 taxable year's credits that is not allocated by the commissioner does not cancel and may be
6.2 carried forward to subsequent taxable years until all credits have been allocated.

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

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

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

6.22 (e) Qualified investors and qualified funds must apply to the commissioner for tax
6.23 credits. Tax credits must be allocated to qualified investors or qualified funds in the order
6.24 that the tax credit request applications are filed with the department. The commissioner
6.25 must approve or reject tax credit request applications within 15 days of receiving the
6.26 application. The investment specified in the application must be made within 60 days of
6.27 the allocation of the credits. If the investment is not made within 60 days, the credit
6.28 allocation is canceled and available for reallocation. A qualified investor or qualified fund
6.29 that fails to invest as specified in the application, within 60 days of allocation of the
6.30 credits, must notify the commissioner of the failure to invest within five business days of
6.31 the expiration of the 60-day investment period.

6.32 (f) All tax credit request applications filed with the department on the same day must
6.33 be treated as having been filed contemporaneously. If two or more qualified investors or
6.34 qualified funds file tax credit request applications on the same day, and the aggregate
6.35 amount of credit allocation claims exceeds the aggregate limit of credits under this section
6.36 or the lesser amount of credits that remain unallocated on that day, then the credits must

7.1 be allocated among the qualified investors or qualified funds who filed on that day on a
7.2 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one
7.3 qualified investor or qualified fund is the product obtained by multiplying a fraction,
7.4 the numerator of which is the amount of the credit allocation claim filed on behalf of
7.5 a qualified investor and the denominator of which is the total of all credit allocation
7.6 claims filed on behalf of all applicants on that day, by the amount of credits that remain
7.7 unallocated on that day for the taxable year.

7.8 (g) A qualified investor or qualified fund, or a qualified small business acting on their
7.9 behalf, must notify the commissioner when an investment for which credits were allocated
7.10 has been made, and the taxable year in which the investment was made. A qualified fund
7.11 must also provide the commissioner with a statement indicating the amount invested by
7.12 each investor in the qualified fund based on each investor's share of the assets of the
7.13 qualified fund at the time of the qualified investment. After receiving notification that the
7.14 investment was made, the commissioner must issue credit certificates for the taxable year
7.15 in which the investment was made to the qualified investor or, for an investment made by
7.16 a qualified fund, to each qualified investor who is an investor in the fund. The certificate
7.17 must state that the credit is subject to revocation if the qualified investor or qualified
7.18 fund does not hold the investment in the qualified small business for at least three years,
7.19 consisting of the calendar year in which the investment was made and the two following
7.20 years. The three-year holding period does not apply if:

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

7.23 (2) 80 percent or more of the assets of the qualified small business is sold before
7.24 the end of the three-year period;

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

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

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

7.30 **EFFECTIVE DATE.** This section is effective the day following final enactment for
7.31 taxable years beginning after December 31, 2011.

7.32 Sec. 4. Minnesota Statutes 2010, section 116J.8737, subdivision 7, is amended to read:

7.33 Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a
7.34 qualified investor or qualified fund did not meet the three-year holding period required in

8.1 subdivision 5, paragraph (g), any credit allocated and certified to the investor or fund is
8.2 revoked and must be repaid by the investor.

8.3 (b) If the commissioner determines that a business did not meet the employment
8.4 and payroll requirements in subdivision 2, paragraph (c), clause (2), or paragraph (h),
8.5 clause (2), as applicable, in any of the five calendar years following the year in which an
8.6 investment in the business that qualified for a tax credit under this section was made,
8.7 the business must repay the following percentage of the credits allowed for qualified
8.8 investments in the business:

8.9	Year following the year in which	Percentage of credit required
8.10	the investment was made:	to be repaid:
8.11	First	100%
8.12	Second	80%
8.13	Third	60%
8.14	Fourth	40%
8.15	Fifth	20%
8.16	Sixth and later	0

8.17 (c) The commissioner must notify the commissioner of revenue of every credit
8.18 revoked and subject to full or partial repayment under this section.

8.19 (d) For the repayment of credits allowed under this section and section 290.0692,
8.20 a qualified small business, qualified investor, or investor in a qualified fund must file an
8.21 amended return with the commissioner of revenue and pay any amounts required to be
8.22 repaid within 30 days after becoming subject to repayment under this section.

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

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

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

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

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

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

9.1 (4) for credit certificates issued under subdivision 5, the amount of the credit
9.2 certificate issued, amount of the qualifying investment, the name of the qualifying investor
9.3 or qualifying fund that received the certificate, and the name of the qualifying small
9.4 business in which the qualifying investment was made;

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

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

9.9 (b) The following data, including data classified as nonpublic or private, must be
9.10 provided to the consultant for use in conducting the program evaluation under subdivision
9.11 10:

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

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

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

9.20 Sec. 6. Minnesota Statutes 2010, section 116J.8737, subdivision 9, is amended to read:

9.21 Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must
9.22 annually report by March 15 to the chairs and ranking minority members of the legislative
9.23 committees having jurisdiction over taxes and economic development in the senate and
9.24 the house of representatives, in compliance with sections 3.195 and 3.197, on the tax
9.25 credits issued under this section. The report must include:

9.26 (1) the number and amount of the credits issued;

9.27 (2) the recipients of the credits;

9.28 (3) for each qualified small business, its location, line of business, and if it received
9.29 an investment resulting in certification of tax credits;

9.30 (4) the total amount of investment in each qualified small business resulting in
9.31 certification of tax credits;

9.32 (5) for each qualified small business that received investments resulting in tax
9.33 credits, the total amount of additional investment that did not qualify for the tax credit;

9.34 (6) the number and amount of credits revoked under subdivision 7;

10.1 (7) the number and amount of credits that are no longer subject to the three-year
10.2 holding period because of the exceptions under subdivision 5, paragraph (g), clauses
10.3 (1) to (4); ~~and~~

10.4 (8) the number of qualified small businesses that are women- or minority-owned; and
10.5 (9) any other information relevant to evaluating the effect of these credits.

10.6 Sec. 7. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7, is
10.7 amended to read:

10.8 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
10.9 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
10.10 ~~2011~~ February 14, 2012.

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

10.12 Sec. 8. Minnesota Statutes 2010, section 289A.31, subdivision 5, is amended to read:

10.13 Subd. 5. **Withholding tax, withholding from payments to out-of-state**
10.14 **contractors, and withholding by partnerships and small business corporations.** (a)
10.15 Except as provided in paragraph (b), an employer or person withholding tax under section
10.16 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a
10.17 sum or sums required by those sections to be deducted, withheld, and paid, is personally
10.18 and individually liable to the state for the sum or sums, and added penalties and interest,
10.19 and is not liable to another person for that payment or payments. The sum or sums
10.20 deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision
10.21 2, must be held as a special fund in trust for the state of Minnesota.

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

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

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

10.33 (e) A partnership or S corporation required to withhold and remit tax under section
10.34 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a

11.1 person having control of or responsibility for the withholding of the tax or the filing of
11.2 returns due in connection with the tax is personally liable for the tax due.

11.3 (f) A payor of sums required to be withheld under section 290.9705, subdivision
11.4 1, is liable to the state for the amount required to be deducted, and is not liable to an
11.5 out-of-state contractor for the amount of the payment.

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

11.12 **EFFECTIVE DATE.** This section is effective for payments made after June 30,
11.13 2012.

11.14 Sec. 9. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is
11.15 amended to read:

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

11.22 In the case of a regulated investment company or a fund thereof, as defined in section
11.23 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
11.24 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
11.25 except that:

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

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

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

12.1 The net income of a real estate investment trust as defined and limited by section
12.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
12.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

12.7 The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February
12.8 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. ~~The~~
12.9 ~~provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits~~
12.10 ~~for charitable cash contributions for the relief of victims of the Haitian earthquake, are~~
12.11 ~~effective at the same time they became effective for federal purposes and apply to the~~
12.12 ~~subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of~~
12.13 ~~the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans~~
12.14 ~~to designated Roth accounts, are effective at the same time they became effective for~~
12.15 ~~federal purposes and taxable rollovers are included in net income at the same time they are~~
12.16 ~~included in gross income for federal purposes.~~

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

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

12.21 Sec. 10. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19a,
12.22 is amended to read:

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

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

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

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

12.33 (B) the portion of the exempt-interest dividends derived from interest income
12.34 on obligations of the state of Minnesota or its political or governmental subdivisions,
12.35 municipalities, governmental agencies or instrumentalities, but only if the portion of the

13.1 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
13.2 95 percent or more of the exempt-interest dividends, including any dividends exempt
13.3 under subitem (A), that are paid by the regulated investment company as defined in section
13.4 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
13.5 defined in section 851(g) of the Internal Revenue Code, making the payment; and

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

13.9 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or
13.10 accrued within the taxable year under this chapter and the amount of taxes based on net
13.11 income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state
13.12 or to any province or territory of Canada, to the extent allowed as a deduction under
13.13 section 63(d) of the Internal Revenue Code, but the addition may not be more than the
13.14 amount by which the itemized deductions as allowed under section 63(d) of the Internal
13.15 Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of
13.16 the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C)
13.17 and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been
13.18 required under clause (21) if the taxpayer had claimed the standard deduction. For the
13.19 purpose of this paragraph, the disallowance of itemized deductions under section 68 of
13.20 the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise
13.21 taxes are the last itemized deductions disallowed;

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

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

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

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

13.35 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
13.36 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that

14.1 in the taxable year generates a deduction for depreciation under section 168(k) and the
14.2 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
14.3 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
14.4 limited to excess of the depreciation claimed by the activity under section 168(k) over the
14.5 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
14.6 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
14.7 under section 168(k) is allowed;

14.8 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
14.9 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
14.10 Revenue Code of 1986, as amended through December 31, 2003;

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

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

14.16 (11) the amount of expenses disallowed under section 290.10, subdivision 2;

14.17 (12) for taxable years beginning before January 1, 2010, the amount deducted for
14.18 qualified tuition and related expenses under section 222 of the Internal Revenue Code, to
14.19 the extent deducted from gross income;

14.20 (13) for taxable years beginning before January 1, 2010, the amount deducted for
14.21 certain expenses of elementary and secondary school teachers under section 62(a)(2)(D)
14.22 of the Internal Revenue Code, to the extent deducted from gross income;

14.23 (14) the additional standard deduction for property taxes payable that is allowable
14.24 under section 63(c)(1)(C) of the Internal Revenue Code;

14.25 (15) the additional standard deduction for qualified motor vehicle sales taxes
14.26 allowable under section 63(c)(1)(E) of the Internal Revenue Code;

14.27 (16) discharge of indebtedness income resulting from reacquisition of business
14.28 indebtedness and deferred under section 108(i) of the Internal Revenue Code;

14.29 (17) the amount of unemployment compensation exempt from tax under section
14.30 85(c) of the Internal Revenue Code;

14.31 (18) changes to federal taxable income attributable to a net operating loss that the
14.32 taxpayer elected to carry back for more than two years for federal purposes but for which
14.33 the losses can be carried back for only two years under section 290.095, subdivision
14.34 11, paragraph (c);

14.35 (19) to the extent included in the computation of federal taxable income in taxable
14.36 years beginning after December 31, 2010, the amount of disallowed itemized deductions,

15.1 but the amount of disallowed itemized deductions plus the addition required under clause
15.2 (2) may not be more than the amount by which the itemized deductions as allowed under
15.3 section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction
15.4 as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts
15.5 allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and
15.6 reduced by any addition that would have been required under clause (21) if the taxpayer
15.7 had claimed the standard deduction:

15.8 (i) the amount of disallowed itemized deductions is equal to the lesser of:

15.9 (A) three percent of the excess of the taxpayer's federal adjusted gross income
15.10 over the applicable amount; or

15.11 (B) 80 percent of the amount of the itemized deductions otherwise allowable to the
15.12 taxpayer under the Internal Revenue Code for the taxable year;

15.13 (ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a
15.14 married individual filing a separate return. Each dollar amount shall be increased by
15.15 an amount equal to:

15.16 (A) such dollar amount, multiplied by

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

15.20 (iii) the term "itemized deductions" does not include:

15.21 (A) the deduction for medical expenses under section 213 of the Internal Revenue
15.22 Code;

15.23 (B) any deduction for investment interest as defined in section 163(d) of the Internal
15.24 Revenue Code; and

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

15.28 (20) to the extent included in federal taxable income in taxable years beginning after
15.29 December 31, 2010, the amount of disallowed personal exemptions for taxpayers with
15.30 federal adjusted gross income over the threshold amount:

15.31 (i) the disallowed personal exemption amount is equal to the dollar amount of the
15.32 personal exemptions claimed by the taxpayer in the computation of federal taxable income
15.33 multiplied by the applicable percentage;

15.34 (ii) "applicable percentage" means two percentage points for each \$2,500 (or
15.35 fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable
15.36 year exceeds the threshold amount. In the case of a married individual filing a separate

16.1 return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In
16.2 no event shall the applicable percentage exceed 100 percent;

16.3 (iii) the term "threshold amount" means:

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

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

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

16.8 (D) \$75,000 in the case of a married individual filing a separate return; and

16.9 (iv) the thresholds shall be increased by an amount equal to:

16.10 (A) such dollar amount, multiplied by

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

16.14 (21) to the extent deducted in the computation of federal taxable income, for taxable
16.15 years beginning after December 31, 2010, and before January 1, ~~2013~~ 2012, the difference
16.16 between the standard deduction allowed under section 63(c) of the Internal Revenue Code
16.17 and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code
16.18 as amended through December 1, 2010.

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

16.21 Sec. 11. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19b,
16.22 is amended to read:

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

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

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

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

17.1 resident of this state may legally fulfill the state's compulsory attendance laws, which
17.2 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
17.3 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
17.4 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
17.5 "textbooks" includes books and other instructional materials and equipment purchased
17.6 or leased for use in elementary and secondary schools in teaching only those subjects
17.7 legally and commonly taught in public elementary and secondary schools in this state.
17.8 Equipment expenses qualifying for deduction includes expenses as defined and limited in
17.9 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
17.10 books and materials used in the teaching of religious tenets, doctrines, or worship, the
17.11 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
17.12 or materials for, or transportation to, extracurricular activities including sporting events,
17.13 musical or dramatic events, speech activities, driver's education, or similar programs. No
17.14 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
17.15 the qualifying child's vehicle to provide such transportation for a qualifying child. For
17.16 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
17.17 given in section 32(c)(3) of the Internal Revenue Code;

17.18 (4) income as provided under section 290.0802;

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

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

17.27 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
17.28 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
17.29 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
17.30 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
17.31 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
17.32 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
17.33 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
17.34 the extent they exceed the federal foreign tax credit;

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

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

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

18.9 (10) to the extent included in federal taxable income, the amount of compensation
18.10 paid to members of the Minnesota National Guard or other reserve components of the
18.11 United States military for active service, excluding compensation for services performed
18.12 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
18.13 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
18.14 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
18.15 5b, but "active service" excludes service performed in accordance with section 190.08,
18.16 subdivision 3;

18.17 (11) to the extent included in federal taxable income, the amount of compensation
18.18 paid to Minnesota residents who are members of the armed forces of the United States
18.19 or United Nations for active duty performed under United States Code, title 10; or the
18.20 authority of the United Nations;

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

18.33 (13) in each of the five tax years immediately following the tax year in which an
18.34 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
18.35 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
18.36 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the

19.1 case of a shareholder of a corporation that is an S corporation, minus the positive value of
19.2 any net operating loss under section 172 of the Internal Revenue Code generated for the
19.3 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
19.4 subtraction is not allowed under this clause;

19.5 (14) to the extent included in the federal taxable income of a nonresident of
19.6 Minnesota, compensation paid to a service member as defined in United States Code, title
19.7 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
19.8 Act, Public Law 108-189, section 101(2);

19.9 (15) international economic development zone income as provided under section
19.10 469.325;

19.11 (16) to the extent included in federal taxable income, the amount of national service
19.12 educational awards received from the National Service Trust under United States Code,
19.13 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
19.14 program;

19.15 (17) to the extent included in federal taxable income, discharge of indebtedness
19.16 income resulting from reacquisition of business indebtedness included in federal taxable
19.17 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
19.18 to the extent that the income was included in net income in a prior year as a result of the
19.19 addition under section 290.01, subdivision 19a, clause (16); ~~and~~

19.20 (18) the amount of the net operating loss allowed under section 290.095, subdivision
19.21 11, paragraph (c); and

19.22 (19) to the extent included in federal taxable income, 46 percent of compensation
19.23 received from a pension or other retirement pay from the federal government for service
19.24 in the military, as computed under United States Code, title 10, sections 1401 to 1414,
19.25 1447 to 1455, and 12733, not including any credit received in previous years for credit
19.26 allowed under section 290.0677, subdivision 1.

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

19.29 Sec. 12. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is
19.30 amended to read:

19.31 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
19.32 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
19.33 ~~2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in
19.34 federal law that relates to provisions of the Internal Revenue Code that are incorporated
19.35 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,

20.1 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
20.2 amended through March 18, 2010.

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

20.4 Sec. 13. Minnesota Statutes 2010, section 290.0677, subdivision 1, is amended to read:

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

20.9 (b) An individual is allowed a credit against the tax due under this chapter equal
20.10 to ~~\$120~~ \$240 for each month or portion thereof that the individual was in active military
20.11 service in a designated area after December 31, 2008, while a Minnesota domiciliary.

20.12 (c) For active service performed after September 11, 2001, and before December 31,
20.13 2006, the individual may claim the credit in the taxable year beginning after December 31,
20.14 2005, and before January 1, 2007.

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

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

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

20.22 Sec. 14. Minnesota Statutes 2010, section 290.0677, subdivision 2, is amended to read:

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

20.25 (b) "Designated area" means a:

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

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

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

20.31 (c) "Active military service" means active duty service in any of the United States
20.32 armed forces, the National Guard, or reserves.

20.33 ~~(d) "Qualified individual" means an individual who has~~

21.1 ~~(1) either (i) served at least 20 years in the military or (ii) has a service-connected~~
21.2 ~~disability rating of 100 percent for a total and permanent disability; and~~
21.3 ~~(2) separated from military service before the end of the taxable year.~~
21.4 ~~(c) "Adjusted gross income" has the meaning given in section 61 of the Internal~~
21.5 ~~Revenue Code.~~

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

21.8 Sec. 15. Minnesota Statutes 2010, section 290.0681, subdivision 1, is amended to read:

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

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

21.13 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical
21.14 Society.

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

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

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

21.21 (g) "Placed in service" has the meaning given in section 47 of the Internal Revenue
21.22 Code.

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

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

21.26 Sec. 16. Minnesota Statutes 2010, section 290.0681, subdivision 3, is amended to read:

21.27 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this
21.28 section, the developer of a project must apply to the office before the rehabilitation begins.
21.29 The application must contain the information and be in the form prescribed by the office.
21.30 The office may collect a fee for application of up to \$5,000, based on estimated qualified
21.31 rehabilitation ~~expenses~~ expenditures, to offset costs associated with personnel and
21.32 administrative expenses related to administering the credit and preparing the economic
21.33 impact report in subdivision 9. Application fees are deposited in the account. The

22.1 application must indicate if the application is for a credit or a grant in lieu of the credit
22.2 or a combination of the two and designate the taxpayer qualifying for the credit or the
22.3 recipient of the grant.

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

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

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

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

22.13 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
22.14 or grant recipient is entitled to receive the credit or grant at the time the project is placed
22.15 in service, provided that date is within three calendar years following the issuance of
22.16 the allocation certificate.

22.17 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine if
22.18 the project is eligible for a credit or a grant under this section. Eligibility for the credit is
22.19 subject to review and audit by the commissioner ~~of revenue~~.

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

22.22 (e) Any decision of the office or the society under this subdivision may be challenged
22.23 as a contested case under chapter 14.

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

22.25 Sec. 17. Minnesota Statutes 2010, section 290.0681, subdivision 5, is amended to read:

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

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

23.1 Sec. 18. Minnesota Statutes 2010, section 290.0681, subdivision 10, is amended to
23.2 read:

23.3 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that
23.4 the office's authority to issue credit certificates under subdivision 4 based on allocation
23.5 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~
23.6 2024, and the reporting requirements in subdivision 9 remain in effect through the year
23.7 following the year in which all allocation certificates have either been canceled or resulted
23.8 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

23.10 Sec. 19. Minnesota Statutes 2011 Supplement, section 290.091, subdivision 2, is
23.11 amended to read:

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

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

23.16 (1) the taxpayer's federal alternative minimum taxable income as defined in section
23.17 55(b)(2) of the Internal Revenue Code;

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

23.20 (i) the charitable contribution deduction under section 170 of the Internal Revenue
23.21 Code;

23.22 (ii) the medical expense deduction;

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

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

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

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

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

24.1 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
24.2 to (9), (12), (13), and (16) to (18);

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

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

24.5 (2) an overpayment of state income tax as provided by section 290.01, subdivision
24.6 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

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

24.13 (5) the amount of the net operating loss allowed under section 290.095, subdivision
24.14 11, paragraph (c).

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

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

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

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

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

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

24.27 Sec. 20. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15,
24.28 is amended to read:

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

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

24.32 Sec. 21. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is
24.33 amended to read:

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

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

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

25.8 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
25.9 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the
25.10 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law
25.11 111-312, and section 301(c) of Public Law 111-312.

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

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

25.16 (ii)(A) the value of qualified small business property under section 291.03,
25.17 subdivision 9, and the value of qualified farm property under section 291.03, subdivision
25.18 10, or (B) \$4,000,000, whichever is less.

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

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

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

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

25.35 (9) "Situs of property" means, with respect to real property, the state or country in
25.36 which it is located; with respect to tangible personal property, the state or country in which

26.1 it was normally kept or located at the time of the decedent's death; and with respect to
26.2 intangible personal property, the state or country in which the decedent was domiciled
26.3 at death.

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

26.5 Sec. 22. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

26.6 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages
26.7 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year
26.8 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may
26.9 take the credit on the 18th day of each month, but the total credit allowed may not exceed
26.10 in any fiscal year the lesser of:

26.11 (1) the liability for tax; or

26.12 (2) \$115,000.

26.13 For purposes of this subdivision, a "qualified brewer" means a brewer, whether or
26.14 not located in this state, manufacturing less than ~~100,000~~ 250,000 barrels of fermented
26.15 malt beverages in the calendar year immediately preceding the calendar year for which
26.16 the credit under this subdivision is claimed. In determining the number of barrels, all
26.17 brands or labels of a brewer must be combined. All facilities for the manufacture of
26.18 fermented malt beverages owned or controlled by the same person, corporation, or other
26.19 entity must be treated as a single brewer.

26.20 **EFFECTIVE DATE.** This section is effective for determinations based on calendar
26.21 year 2011 production and thereafter.

26.22 Sec. 23. **REPEALER.**

26.23 (a) Minnesota Statutes 2010, section 290.0677, subdivision 1a, is repealed.

26.24 (b) Minnesota Statutes 2010, section 290.92, subdivision 31, is repealed.

26.25 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
26.26 December 31, 2012. Paragraph (b) is effective for payments made after June 30, 2012.

26.27 **ARTICLE 2**

26.28 **SALES TAX**

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

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

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

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

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

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

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

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

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

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

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

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

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

28.5 (c) A vendor having a liability of:

28.6 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,
28.7 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns
28.8 due for periods beginning in the subsequent calendar year on or before the 20th day of
28.9 the month following the month in which the taxable event occurred, or on or before the
28.10 20th day of the month following the month in which the sale is reported under section
28.11 289A.18, subdivision 4; or

28.12 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years
28.13 thereafter, must remit by electronic means all liabilities in the manner provided in
28.14 paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar
28.15 year, except for 90 percent of the estimated June liability, which is due two business days
28.16 before June 30. The remaining amount of the June liability is due on August 20.

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

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

28.29 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow~~
28.30 ~~account established in section 16A.152, subdivision 1, and the budget reserve account~~
28.31 ~~established in section 16A.152, subdivision 1a, reach the amounts listed in section~~
28.32 ~~16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required~~
28.33 ~~under paragraph (a), clause (2), must be suspended. The commissioner of management~~
28.34 ~~and budget shall notify the commissioner of revenue when the accounts have reached~~
28.35 ~~the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a~~
28.36 ~~vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~

29.1 ~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the~~
29.2 ~~commissioner on the 20th day of the month following the month in which the taxable~~
29.3 ~~event occurred. Payments of tax liabilities for taxable events occurring in June under~~
29.4 ~~paragraph (b) are not changed.~~

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

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

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

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

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

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

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

29.26 (5) amounts paid for legend drugs, other than nutritional products and blood and
29.27 blood components, to a wholesale drug distributor who is subject to tax under section
29.28 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise
29.29 exempt under this chapter;

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

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

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

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

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

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

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

30.15 (13) payments received by an educational institution from student tuition, student
30.16 activity fees, health care service fees, government appropriations, donations, or grants,
30.17 and for services identified in and provided under an individualized education program
30.18 as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section
30.19 300.340(a). Fee for service payments and payments for extended coverage are taxable;

30.20 (14) payments received under the federal Employees Health Benefits Act, United
30.21 States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of
30.22 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

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

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

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

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

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

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

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

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

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

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

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

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

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

31.27 (i) A sale of tangible personal property used in conducting lawful gambling under
31.28 chapter 349 or the State Lottery under chapter 349A, including, but not limited to,
31.29 property given as promotional items, is a retail sale and is not considered a sale of
31.30 property for resale.

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

31.34 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
31.35 payment becomes due under the terms of the agreement or the trade practices of the lessor
31.36 or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision

32.1 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
32.2 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
32.3 executed; (3) for rent-to-own or lease-to-own used vehicles where the lessee may
32.4 purchase or return the vehicle at any time without penalty, at the time each payment is
32.5 made under the terms of the agreement.

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

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

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

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

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

32.25 **EFFECTIVE DATE.** This section is effective for leases entered into after June
32.26 30, 2012.

32.27 Sec. 4. Minnesota Statutes 2010, section 297A.67, subdivision 7, is amended to read:

32.28 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical
32.29 devices for human use are exempt:

32.30 (1) drugs, including over-the-counter drugs;

32.31 (2) single-use finger-pricking devices for the extraction of blood and other single-use
32.32 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating
32.33 diabetes;

32.34 (3) insulin and medical oxygen for human use, regardless of whether prescribed
32.35 or sold over the counter;

- 33.1 (4) prosthetic devices;
- 33.2 (5) durable medical equipment for home use only;
- 33.3 (6) mobility enhancing equipment;
- 33.4 (7) prescription corrective eyeglasses; and
- 33.5 (8) kidney dialysis equipment, including repair and replacement parts.
- 33.6 (b) Items purchased in transactions covered by:
- 33.7 (1) Medicare as defined under title XVIII of the Social Security Act, United States
- 33.8 Code, title 42, sections 1395, et seq.; or
- 33.9 (2) Medicaid as defined under title XIX of the Social Security Act, United States
- 33.10 Code, title 42, sections 1396, et seq., are exempt.
- 33.11 ~~(b)~~ (c) For purposes of this subdivision:
- 33.12 (1) "Drug" means a compound, substance, or preparation, and any component of
- 33.13 a compound, substance, or preparation, other than food and food ingredients, dietary
- 33.14 supplements, or alcoholic beverages that is:
- 33.15 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
- 33.16 Pharmacopoeia of the United States, or official National Formulary, and supplement
- 33.17 to any of them;
- 33.18 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention
- 33.19 of disease; or
- 33.20 (iii) intended to affect the structure or any function of the body.
- 33.21 (2) "Durable medical equipment" means equipment, including repair and
- 33.22 replacement parts, including single patient use items, but not including mobility enhancing
- 33.23 equipment, that:
- 33.24 (i) can withstand repeated use;
- 33.25 (ii) is primarily and customarily used to serve a medical purpose;
- 33.26 (iii) generally is not useful to a person in the absence of illness or injury; and
- 33.27 (iv) is not worn in or on the body.
- 33.28 For purposes of this clause, "repair and replacement parts" includes all components
- 33.29 or attachments used in conjunction with the durable medical equipment, ~~but does not~~
- 33.30 ~~include~~ including repair and replacement parts which are for single patient use only.
- 33.31 (3) "Mobility enhancing equipment" means equipment, including repair and
- 33.32 replacement parts, but not including durable medical equipment, that:
- 33.33 (i) is primarily and customarily used to provide or increase the ability to move from
- 33.34 one place to another and that is appropriate for use either in a home or a motor vehicle;
- 33.35 (ii) is not generally used by persons with normal mobility; and

34.1 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
34.2 provided by a motor vehicle manufacturer.

34.3 (4) "Over-the-counter drug" means a drug that contains a label that identifies the
34.4 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The
34.5 label must include a "drug facts" panel or a statement of the active ingredients with a list of
34.6 those ingredients contained in the compound, substance, or preparation. Over-the-counter
34.7 drugs do not include grooming and hygiene products, regardless of whether they otherwise
34.8 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,
34.9 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

34.10 (5) "Prescribed" and "prescription" means a direction in the form of an order,
34.11 formula, or recipe issued in any form of oral, written, electronic, or other means of
34.12 transmission by a duly licensed health care professional.

34.13 (6) "Prosthetic device" means a replacement, corrective, or supportive device,
34.14 including repair and replacement parts, worn on or in the body to:

34.15 (i) artificially replace a missing portion of the body;

34.16 (ii) prevent or correct physical deformity or malfunction; or

34.17 (iii) support a weak or deformed portion of the body.

34.18 Prosthetic device does not include corrective eyeglasses.

34.19 (7) "Kidney dialysis equipment" means equipment that:

34.20 (i) is used to remove waste products that build up in the blood when the kidneys are
34.21 not able to do so on their own; and

34.22 (ii) can withstand repeated use, including multiple use by a single patient,
34.23 notwithstanding the provisions of clause (2).

34.24 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of
34.25 the item purchased in the transaction is paid for or reimbursed by the federal government
34.26 or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private
34.27 insurance company administering the Medicare or Medicaid program on behalf of the
34.28 federal government or the state of Minnesota, or by a managed care organization for the
34.29 benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu
34.30 of conventional Medicare or Medicaid coverage pursuant to agreement with the federal
34.31 government or the state of Minnesota.

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

35.1 Sec. 5. Minnesota Statutes 2010, section 297A.67, is amended by adding a subdivision
35.2 to read:

35.3 Subd. 7a. **Accessories and supplies.** Accessories and supplies required for
35.4 the effective use of durable medical equipment for home use only, or purchased in
35.5 a transaction covered by Medicare or Medicaid, that are not already exempt under
35.6 subdivision 7 are exempt. Accessories and supplies for the effective use of a prosthetic
35.7 device that are not already exempt under subdivision 7 are exempt. For purposes of
35.8 this subdivision, "durable medical equipment," "prosthetic device," "Medicare," and
35.9 "Medicaid" have the meanings given in subdivision 7.

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

35.12 Sec. 6. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

35.13 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided
35.14 in paragraphs (e) and (f), the tax must be imposed and collected as if the rate under section
35.15 297A.62, subdivision 1, applied, and then refunded in the manner provided in section
35.16 297A.75.

35.17 "Capital equipment" means machinery and equipment purchased or leased, and used
35.18 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,
35.19 or refining tangible personal property to be sold ultimately at retail if the machinery and
35.20 equipment are essential to the integrated production process of manufacturing, fabricating,
35.21 mining, or refining. Capital equipment also includes machinery and equipment
35.22 used primarily to electronically transmit results retrieved by a customer of an online
35.23 computerized data retrieval system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36.17 (5) farm machinery and aquaculture production equipment as defined by section
36.18 297A.61, subdivisions 12 and 13;

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

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

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

36.25 (9) machinery or equipment used in the transportation, transmission, or distribution
36.26 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,
36.27 tanks, mains, or other means of transporting those products. This clause does not apply to
36.28 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section
36.29 239.77; or

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

36.32 (d) For purposes of this subdivision:

36.33 (1) "Equipment" means independent devices or tools separate from machinery but
36.34 essential to an integrated production process, including computers and computer software,
36.35 used in operating, controlling, or regulating machinery and equipment; and any subunit or

37.1 assembly comprising a component of any machinery or accessory or attachment parts of
37.2 machinery, such as tools, dies, jigs, patterns, and molds.

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

37.5 (3) "Integrated production process" means a process or series of operations through
37.6 which tangible personal property is manufactured, fabricated, mined, or refined. For
37.7 purposes of this clause, (i) manufacturing begins with the removal of raw materials
37.8 from inventory and ends when the last process prior to loading for shipment has been
37.9 completed; (ii) fabricating begins with the removal from storage or inventory of the
37.10 property to be assembled, processed, altered, or modified and ends with the creation
37.11 or production of the new or changed product; (iii) mining begins with the removal of
37.12 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and
37.13 ends when the last process before stockpiling is completed; and (iv) refining begins with
37.14 the removal from inventory or storage of a natural resource and ends with the conversion
37.15 of the item to its completed form.

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

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

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

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

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

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

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

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

38.4 (e) Materials exempt under this section may be purchased without imposing and
38.5 collecting the tax and applying for a refund under section 297A.75, if:

38.6 (1) for calendar years 2013 and 2014, the purchaser employed not more than 20
38.7 full-time employees at any time during calendar year 2010 and was not an affiliate or
38.8 subsidiary of a business dominant in its field of operation; and

38.9 (2) for calendar year 2015, the purchaser employed not more than 50 full-time
38.10 employees at any time during calendar year 2010 and was not an affiliate or subsidiary of
38.11 a business dominant in its field of operation.

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

38.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
38.16 December 31, 2012.

38.17 Sec. 7. Minnesota Statutes 2011 Supplement, section 297A.68, subdivision 42, is
38.18 amended to read:

38.19 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information
38.20 technology equipment and computer software for use in a qualified data center are exempt.
38.21 The tax on purchases exempt under this paragraph must be imposed and collected as if
38.22 the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,
38.23 2013, in the manner provided in section 297A.75. This exemption includes enterprise
38.24 information technology equipment and computer software purchased to replace or upgrade
38.25 enterprise information technology equipment and computer software in a qualified data
38.26 center.

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

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

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

39.1 (2) that is constructed or substantially refurbished after June 30, 2012, where
39.2 "substantially refurbished" means that at least 30,000 square feet have been rebuilt or
39.3 modified; and

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

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

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

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

39.12 In determining whether the facility has the required square footage, the square
39.13 footage of the following spaces shall be included if the spaces support the operation
39.14 of enterprise information technology equipment: office space, meeting space, and
39.15 mechanical and other support facilities.

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

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

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

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

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

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

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

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

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

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

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

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

40.18 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
40.19 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
40.20 297A.67, subdivision 2; and

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

40.23 (c) This exemption applies to the leasing of a motor vehicle as defined in section
40.24 297B.01, subdivision 11, only if the vehicle is:

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

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

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

40.32 Sec. 9. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 1, is
40.33 amended to read:

41.1 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the
41.2 following exempt items must be imposed and collected as if the sale were taxable and the
41.3 rate under section 297A.62, subdivision 1, applied. The exempt items include:
41.4 ~~(1)~~ capital equipment exempt under section 297A.68, subdivision 5;
41.5 ~~(2)~~ (1) building materials for an agricultural processing facility exempt under section
41.6 297A.71, subdivision 13;
41.7 ~~(3)~~ (2) building materials for mineral production facilities exempt under section
41.8 297A.71, subdivision 14;
41.9 ~~(4)~~ (3) building materials for correctional facilities under section 297A.71,
41.10 subdivision 3;
41.11 ~~(5)~~ (4) building materials used in a residence for disabled veterans exempt under
41.12 section 297A.71, subdivision 11;
41.13 ~~(6)~~ (5) elevators and building materials exempt under section 297A.71, subdivision
41.14 12;
41.15 ~~(7)~~ (6) building materials for the Long Lake Conservation Center exempt under
41.16 section 297A.71, subdivision 17;
41.17 ~~(8)~~ (7) materials and supplies for qualified low-income housing under section
41.18 297A.71, subdivision 23;
41.19 ~~(9)~~ (8) materials, supplies, and equipment for municipal electric utility facilities
41.20 under section 297A.71, subdivision 35;
41.21 ~~(10)~~ (9) equipment and materials used for the generation, transmission, and
41.22 distribution of electrical energy and an aerial camera package exempt under section
41.23 297A.68, subdivision 37;
41.24 ~~(11)~~ (10) tangible personal property and taxable services and construction materials,
41.25 supplies, and equipment exempt under section 297A.68, subdivision 41;
41.26 ~~(12)~~ (11) commuter rail vehicle and repair parts under section 297A.70, subdivision
41.27 3, clause (11);
41.28 ~~(13)~~ (12) materials, supplies, and equipment for construction or improvement of
41.29 projects and facilities under section 297A.71, subdivision 40;
41.30 ~~(14)~~ (13) materials, supplies, and equipment for construction or improvement of a
41.31 meat processing facility exempt under section 297A.71, subdivision 41;
41.32 ~~(15)~~ (14) materials, supplies, and equipment for construction, improvement, or
41.33 expansion of an aerospace defense manufacturing facility exempt under section 297A.71,
41.34 subdivision 42; and
41.35 ~~(16)~~ (15) enterprise information technology equipment and computer software for
41.36 use in a qualified data center exempt under section 297A.68, subdivision 42.

42.1 EFFECTIVE DATE. This section is effective for sales and purchases made after
42.2 December 31, 2015.

42.3 Sec. 10. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 2, is
42.4 amended to read:

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

42.8 (1) for subdivision 1, clauses (1) ~~to (3)~~ and (2), the applicant must be the purchaser;

42.9 (2) for subdivision 1, clauses ~~(4)~~ (3) and ~~(7)~~ (6), the applicant must be the
42.10 governmental subdivision;

42.11 (3) for subdivision 1, clause ~~(5)~~ (4), the applicant must be the recipient of the
42.12 benefits provided in United States Code, title 38, chapter 21;

42.13 (4) for subdivision 1, clause ~~(6)~~ (5), the applicant must be the owner of the
42.14 homestead property;

42.15 (5) for subdivision 1, clause ~~(8)~~ (7), the owner of the qualified low-income housing
42.16 project;

42.17 (6) for subdivision 1, clause ~~(9)~~ (8), the applicant must be a municipal electric utility
42.18 or a joint venture of municipal electric utilities;

42.19 (7) for subdivision 1, clauses (9), (10), ~~(11)~~ (13), (14), and (15), ~~and (16)~~, the owner
42.20 of the qualifying business; and

42.21 (8) for subdivision 1, clauses (11) and (12) ~~and (13)~~, the applicant must be the
42.22 governmental entity that owns or contracts for the project or facility.

42.23 EFFECTIVE DATE. This section is effective for sales and purchases made after
42.24 December 31, 2015.

42.25 Sec. 11. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 3, is
42.26 amended to read:

42.27 Subd. 3. **Application.** (a) The application must include sufficient information
42.28 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
42.29 subcontractor, or builder, under subdivision 1, clause (3), (4), (5), (6), (7), (8), (9), (10),
42.30 (11), (12), (13), (14), or (15), ~~or (16)~~, the contractor, subcontractor, or builder must
42.31 furnish to the refund applicant a statement including the cost of the exempt items and the
42.32 taxes paid on the items unless otherwise specifically provided by this subdivision. The
42.33 provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

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

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

43.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
43.8 December 31, 2015.

43.9 Sec. 12. Minnesota Statutes 2010, section 297A.815, subdivision 3, is amended to read:

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

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

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

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

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

43.23 (1) 50 percent to the greater Minnesota transit account; and

43.24 (2) 50 percent to the county state-aid highway fund. Notwithstanding any other law
43.25 to the contrary, the commissioner of transportation shall allocate the funds transferred
43.26 under this clause to the counties in the metropolitan area, as defined in section 473.121,
43.27 subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall
43.28 receive of such amount the percentage that its population, as defined in section 477A.011,
43.29 subdivision 3, estimated or established by July 15 of the year prior to the current calendar
43.30 year, bears to the total population of the counties receiving funds under this clause.

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

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

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

44.1 EFFECTIVE DATE. This section is effective for leases entered into after June
44.2 30, 2012.

44.3 Sec. 13. Minnesota Statutes 2011 Supplement, section 297B.03, is amended to read:

44.4 **297B.03 EXEMPTIONS.**

44.5 There is specifically exempted from the provisions of this chapter and from
44.6 computation of the amount of tax imposed by it the following:

44.7 (1) purchase or use, including use under a lease purchase agreement or installment
44.8 sales contract made pursuant to section 465.71, of any motor vehicle by the United States
44.9 and its agencies and instrumentalities and by any person described in and subject to the
44.10 conditions provided in section 297A.67, subdivision 11;

44.11 (2) purchase or use of any motor vehicle by any person who was a resident of
44.12 another state or country at the time of the purchase and who subsequently becomes a
44.13 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date
44.14 such person began residing in the state of Minnesota and the motor vehicle was registered
44.15 in the person's name in the other state or country;

44.16 (3) purchase or use of any motor vehicle by any person making a valid election to be
44.17 taxed under the provisions of section 297A.90;

44.18 (4) purchase or use of any motor vehicle previously registered in the state of
44.19 Minnesota when such transfer constitutes a transfer within the meaning of section 118,
44.20 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal
44.21 Revenue Code;

44.22 (5) purchase or use of any vehicle owned by a resident of another state and leased
44.23 to a Minnesota-based private or for-hire carrier for regular use in the transportation of
44.24 persons or property in interstate commerce provided the vehicle is titled in the state of
44.25 the owner or secured party, and that state does not impose a sales tax or sales tax on
44.26 motor vehicles used in interstate commerce;

44.27 (6) purchase or use of a motor vehicle by a private nonprofit or public educational
44.28 institution for use as an instructional aid in automotive training programs operated by the
44.29 institution. "Automotive training programs" includes motor vehicle body and mechanical
44.30 repair courses but does not include driver education programs;

44.31 (7) purchase of a motor vehicle by an ambulance service licensed under section
44.32 144E.10 when that vehicle is equipped and specifically intended for emergency response
44.33 or for providing ambulance service;

44.34 (8) purchase of a motor vehicle by or for a public library, as defined in section
44.35 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

45.1 (9) purchase of a ready-mixed concrete truck;

45.2 (10) purchase or use of a motor vehicle by a town for use exclusively for road
45.3 maintenance, including snowplows and dump trucks, but not including automobiles,
45.4 vans, or pickup trucks;

45.5 (11) purchase or use of a motor vehicle by a corporation, society, association,
45.6 foundation, or institution organized and operated exclusively for charitable, religious,
45.7 or educational purposes, except a public school, university, or library, but only if the
45.8 vehicle is:

45.9 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
45.10 passenger automobile, as defined in section 168.002, if the automobile is designed and
45.11 used for carrying more than nine persons including the driver; and

45.12 (ii) intended to be used primarily to transport tangible personal property or
45.13 individuals, other than employees, to whom the organization provides service in
45.14 performing its charitable, religious, or educational purpose;

45.15 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
45.16 transit service is exempt if the transit provider is either (i) receiving financial assistance or
45.17 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
45.18 473.388, or 473.405;

45.19 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
45.20 469.310, located in a job opportunity building zone, if the motor vehicle is principally
45.21 garaged in the job opportunity building zone and is primarily used as part of or in direct
45.22 support of the person's operations carried on in the job opportunity building zone. The
45.23 exemption under this clause applies to sales, if the purchase was made and delivery
45.24 received during the duration of the job opportunity building zone. The exemption under
45.25 this clause also applies to any local sales and use tax; ~~and~~

45.26 (14) purchase of a leased vehicle by the lessee who was a participant in a
45.27 lease-to-own program from a charitable organization that is:

45.28 (i) described in section 501(c)(3) of the Internal Revenue Code; and

45.29 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

45.30 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the
45.31 provision of medical or dental services by a federally qualified health center, as defined
45.32 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus
45.33 Budget Reconciliation Act of 1990.

45.34 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
45.35 made after December 31, 2010.

46.1 Sec. 14. **REPEALER.**

46.2 Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, is repealed.

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

46.5 **ARTICLE 3**

46.6 **PROPERTY TAX**

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

46.8 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in
46.9 the standard measures program for 2011 is: (1) eligible for per capita reimbursement of
46.10 \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt
46.11 from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits
46.12 are in effect.

46.13 (b) Any county or city that elects to participate in the standard measures program
46.14 for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed
46.15 \$25,000 for any government entity, provided that for 2012, a county or city with a
46.16 population over 2,500 must also participate in the expenditure-type reporting under section
46.17 471.703 in order to be eligible. Any jurisdiction participating in the comprehensive
46.18 performance measurement program is exempt from levy limits under sections 275.70 to
46.19 275.74 for taxes payable in 2013 if levy limits are in effect.

46.20 (c) Any county or city that elects to participate in the standard measures program for
46.21 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita,
46.22 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in
46.23 the comprehensive performance measurement program for 2013 or any year thereafter is
46.24 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following
46.25 year, if levy limits are in effect.

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

46.27 Sec. 2. Minnesota Statutes 2011 Supplement, section 124D.4531, subdivision 1,
46.28 is amended to read:

46.29 Subdivision 1. **Career and technical levy.** (a) A district with a career and technical
46.30 program approved under this section for the fiscal year in which the levy is certified
46.31 may levy an amount equal to the greater of:

46.32 (1) \$80 times the district's average daily membership in grades 9 through 12 for the
46.33 fiscal year in which the levy is certified; or

47.1 (2) 35 percent of approved expenditures in the fiscal year in which the levy is
47.2 certified for the following:

47.3 (i) salaries paid to essential, licensed personnel providing direct instructional
47.4 services to students in that fiscal year, including extended contracts, for services rendered
47.5 in the district's approved career and technical education programs;

47.6 (ii) contracted services provided by a public or private agency other than a Minnesota
47.7 school district or cooperative center under subdivision 7;

47.8 (iii) necessary travel between instructional sites by licensed career and technical
47.9 education personnel;

47.10 (iv) necessary travel by licensed career and technical education personnel for
47.11 vocational student organization activities held within the state for instructional purposes;

47.12 (v) curriculum development activities that are part of a five-year plan for
47.13 improvement based on program assessment;

47.14 (vi) necessary travel by licensed career and technical education personnel for
47.15 noncollegiate credit-bearing professional development; and

47.16 (vii) specialized vocational instructional supplies.

47.17 (b) Up to ten percent of a district's career and technical levy may be spent on
47.18 equipment purchases. Districts using the career and technical levy for equipment
47.19 purchases must report to the department on the improved learning opportunities for
47.20 students that result from the investment in equipment.

47.21 (c) The district must recognize the full amount of this levy as revenue for the fiscal
47.22 year in which it is certified.

47.23 ~~(d) The amount of the levy certified under this subdivision may not exceed~~
47.24 ~~\$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and~~
47.25 ~~\$15,545,000 for taxes payable in 2014.~~

47.26 ~~(e) If the estimated levy exceeds the amount in paragraph (d), the commissioner~~
47.27 ~~must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer~~
47.28 ~~exceeds the limit in paragraph (d).~~

47.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and later.

47.30 Sec. 3. Minnesota Statutes 2011 Supplement, section 126C.40, subdivision 1, is
47.31 amended to read:

47.32 Subdivision 1. **To lease building or land.** (a) When an independent or a special
47.33 school district or a group of independent or special school districts finds it economically
47.34 advantageous to rent or lease a building or land for any instructional purposes or for
47.35 school storage or furniture repair, and it determines that the operating capital revenue

48.1 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may
48.2 apply to the commissioner for permission to make an additional capital expenditure levy
48.3 for this purpose. An application for permission to levy under this subdivision must contain
48.4 financial justification for the proposed levy, the terms and conditions of the proposed
48.5 lease, and a description of the space to be leased and its proposed use.

48.6 (b) The criteria for approval of applications to levy under this subdivision must
48.7 include: the reasonableness of the price, the appropriateness of the space to the proposed
48.8 activity, the feasibility of transporting pupils to the leased building or land, conformity
48.9 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
48.10 the proposed lease to the space needs and the financial condition of the district. The
48.11 commissioner must not authorize a levy under this subdivision in an amount greater than
48.12 the cost to the district of renting or leasing a building or land for approved purposes.
48.13 The proceeds of this levy must not be used for custodial or other maintenance services.
48.14 A district may not levy under this subdivision for the purpose of leasing or renting a
48.15 district-owned building or site to itself.

48.16 (c) For agreements finalized after July 1, 1997, a district may not levy under this
48.17 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
48.18 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
48.19 building addition or additions used primarily for regular kindergarten, elementary, or
48.20 secondary instruction that contains more than 20 percent of the square footage of the
48.21 previously existing building.

48.22 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
48.23 purpose of leasing or renting a district-owned building or site to itself only if the amount
48.24 is needed by the district to make payments required by a lease purchase agreement,
48.25 installment purchase agreement, or other deferred payments agreement authorized by law,
48.26 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
48.27 the commissioner under this paragraph may be in the amount needed by the district to
48.28 make payments required by a lease purchase agreement, installment purchase agreement,
48.29 or other deferred payments agreement authorized by law, provided that any agreement
48.30 include a provision giving the school districts the right to terminate the agreement
48.31 annually without penalty.

48.32 (e) The total levy under this subdivision for a district for any year must not exceed
48.33 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

48.34 (f) For agreements for which a review and comment have been submitted to the
48.35 Department of Education after April 1, 1998, the term "instructional purpose" as used in
48.36 this subdivision excludes expenditures on stadiums.

49.1 (g) The commissioner of education may authorize a school district to exceed the
49.2 limit in paragraph (e) if the school district petitions the commissioner for approval. The
49.3 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
49.4 for not more than five years if the district meets the following criteria:

49.5 (1) the school district has been experiencing pupil enrollment growth in the
49.6 preceding five years;

49.7 (2) the purpose of the increased levy is in the long-term public interest;

49.8 (3) the purpose of the increased levy promotes colocation of government services;
49.9 and

49.10 (4) the purpose of the increased levy is in the long-term interest of the district by
49.11 avoiding over construction of school facilities.

49.12 (h) A school district that is a member of an intermediate school district may include
49.13 in its authority under this section the costs associated with leases of administrative and
49.14 classroom space for intermediate school district programs. This authority must not exceed
49.15 \$43 times the adjusted marginal cost pupil units of the member districts. This authority is
49.16 in addition to any other authority authorized under this section.

49.17 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in
49.18 2012 to 2023, a district that is a member of the "Technology and Information Education
49.19 Systems" data processing joint board, that finds it economically advantageous to enter into
49.20 a lease agreement to finance improvements to a building and land for a group of school
49.21 districts or special school districts for staff development purposes, may levy for its portion
49.22 of lease costs attributed to the district within the total levy limit in paragraph (e). The total
49.23 levy authority under this paragraph shall not exceed \$632,000.

49.24 (j) In addition to the allowable capital levies in paragraph (a), a school district
49.25 that is a member of the St. Croix River Education District that finds it economically
49.26 advantageous to enter into a lease purchase agreement for a building and land for the St.
49.27 Croix River Education District may levy for its portion of lease costs attributed to the
49.28 district within the total levy limit in paragraph (e). The authority under this paragraph is
49.29 effective for taxes payable in 2013 to 2028.

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

49.31 Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

49.32 Subdivision 1. **Levy amount.** The state general levy is levied against
49.33 commercial-industrial property and seasonal residential recreational property, as defined
49.34 in this section. The state general levy base amount for commercial-industrial property
49.35 is ~~\$592,000,000~~ \$742,000,000 for taxes payable in ~~2002~~ 2013 through 2016. The state

50.1 general levy base amount for seasonal recreational property is \$41,200,000 for taxes
50.2 payable in 2013 through 2016. For taxes payable in subsequent years, the levy base
50.3 amount is increased each year by multiplying the levy base amount for the prior year by
50.4 the sum of one plus the rate of increase, if any, in the implicit price deflator for government
50.5 consumption expenditures and gross investment for state and local governments prepared
50.6 by the Bureau of Economic Analysts of the United States Department of Commerce for the
50.7 12-month period ending March 31 of the year prior to the year the taxes are payable. For
50.8 taxes payable in 2017, the state general levy is \$668,700,000 for commercial-industrial
50.9 property and \$36,450,000 for seasonal residential recreational property. For taxes payable
50.10 in 2018, the state general levy is \$594,400,000 for commercial-industrial property
50.11 and \$32,400,000 for seasonal residential recreational property. For taxes payable in
50.12 2019, the state general levy is \$520,100,000 for commercial-industrial property and
50.13 \$28,350,000 for seasonal residential recreational property. For taxes payable in 2020, the
50.14 state general levy is \$445,800,000 for commercial-industrial property and \$24,300,000
50.15 for seasonal residential recreational property. For taxes payable in 2021, the state
50.16 general levy is \$371,500,000 for commercial-industrial property and \$20,250,000
50.17 for seasonal residential recreational property. For taxes payable in 2022, the state
50.18 general levy is \$297,200,000 for commercial-industrial property and \$16,200,000 for
50.19 seasonal residential recreational property. For taxes payable in 2023, the state general
50.20 levy is \$222,900,000 for commercial-industrial property and \$12,150,000 for seasonal
50.21 residential recreational property. For taxes payable in 2024, the state general levy is
50.22 \$148,600,000 for commercial-industrial property and \$8,100,000 for seasonal residential
50.23 recreational property. For taxes payable in 2025, the state general levy is \$74,300,000
50.24 for commercial-industrial property and \$4,050,000 for seasonal residential recreational
50.25 property. The tax under this section is not treated as a local tax rate under section 469.177
50.26 and is not the levy of a governmental unit under chapters 276A and 473F.

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

- 50.32 (1) an erroneous report of taxable value by a local official;
- 50.33 (2) an erroneous calculation by the commissioner; and
- 50.34 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
50.35 residential recreational property reported on the abstracts of tax lists submitted under

51.1 section 275.29 that was not reported on the abstracts of assessment submitted under
51.2 section 270C.89 for the same year.

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

51.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
51.6 thereafter.

51.7 Sec. 5. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

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

51.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
51.18 thereafter.

51.19 Sec. 6. Minnesota Statutes 2010, section 275.065, subdivision 1, is amended to read:

51.20 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
51.21 contrary, on or before September 15, each taxing authority, other than a school district,
51.22 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
51.23 the case of a town, the final property tax levy for taxes payable in the following year. All
51.24 counties and home rule charter or statutory cities with a population of more than 2,500,
51.25 shall also provide to the county auditor the county or city Web site, if there is one, where
51.26 the public is able to access the budget information required to be reported under section
51.27 471.703.

51.28 (b) On or before September 30, each school district that has not mutually agreed
51.29 with its home county to extend this date shall certify to the county auditor the proposed
51.30 property tax levy for taxes payable in the following year. Each school district that has
51.31 agreed with its home county to delay the certification of its proposed property tax levy
51.32 must certify its proposed property tax levy for the following year no later than October
51.33 7. The school district shall certify the proposed levy as:

52.1 (1) a specific dollar amount by school district fund, broken down between
52.2 voter-approved and non-voter-approved levies and between referendum market value
52.3 and tax capacity levies; or

52.4 (2) the maximum levy limitation certified by the commissioner of education
52.5 according to section 126C.48, subdivision 1.

52.6 (c) If the board of estimate and taxation or any similar board that establishes
52.7 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
52.8 property tax levies for funds under its jurisdiction by charter to the county auditor by
52.9 September 15, the city shall be deemed to have certified its levies for those taxing
52.10 jurisdictions.

52.11 (d) For purposes of this section, "taxing authority" includes all home rule and
52.12 statutory cities, towns, counties, school districts, and special taxing districts as defined
52.13 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
52.14 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
52.15 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
52.16 districts for purposes of this section.

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

52.24 (1) the time and place of the meetings described in this paragraph; and

52.25 (2) a statement that the budget information required to be reported under section
52.26 471.703 is available on the county or city Web site, if there is one.

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

52.28 Sec. 7. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

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

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

53.1 (c) The notice must inform taxpayers that it contains the amount of property taxes
53.2 each taxing authority proposes to collect for taxes payable the following year. In the
53.3 case of a town, or in the case of the state general tax, the final tax amount will be its
53.4 proposed tax. The notice must clearly state for each city that has a population over 500,
53.5 county, school district, regional library authority established under section 134.201, and
53.6 metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting
53.7 for each taxing authority in which the budget and levy will be discussed and public input
53.8 allowed, prior to the final budget and levy determination. The notice must clearly state
53.9 for each county and for each city with a population of more than 2,500 that the budget
53.10 information required to be reported under section 471.703 is available on the county or
53.11 city Web site, if there is one. The taxing authorities must provide the county auditor with
53.12 the information to be included in the notice on or before the time it certifies its proposed
53.13 levy under subdivision 1. The public must be allowed to speak at that meeting, which
53.14 must occur after November 24 and must not be held before 6:00 p.m. It must provide a
53.15 telephone number for the taxing authority that taxpayers may call if they have questions
53.16 related to the notice and an address where comments will be received by mail, except that
53.17 no notice required under this section shall be interpreted as requiring the printing of a
53.18 personal telephone number or address as the contact information for a taxing authority. If
53.19 a taxing authority does not maintain public offices where telephone calls can be received
53.20 by the authority, the authority may inform the county of the lack of a public telephone
53.21 number and the county shall not list a telephone number for that taxing authority.

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

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

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

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

53.34 (ii) the proposed tax amount.

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

54.4 In the case of a town or the state general tax, the final tax shall also be its proposed
54.5 tax unless the town changes its levy at a special town meeting under section 365.52. If a
54.6 school district has certified under section 126C.17, subdivision 9, that a referendum will
54.7 be held in the school district at the November general election, the county auditor must
54.8 note next to the school district's proposed amount that a referendum is pending and that, if
54.9 approved by the voters, the tax amount may be higher than shown on the notice. In the
54.10 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
54.11 listed separately from the remaining amount of the city's levy. In the case of the city of
54.12 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
54.13 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
54.14 under section 134.07 may be listed separately from the remaining amount of the county's
54.15 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
54.16 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
54.17 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
54.18 separately and not included in the sum of the special taxing districts; and

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

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

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

54.26 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

55.21 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
55.22 473.446, 473.521, 473.547, or 473.834;

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

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

55.26 For purposes of this section, any levies made by the regional rail authorities in the
55.27 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
55.28 398A shall be included with the appropriate county's levy.

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

- 56.1 (1) the impact of inflation as measured by the implicit price deflator for state and
56.2 local government purchases;
- 56.3 (2) population growth and decline;
- 56.4 (3) state or federal government action; and
- 56.5 (4) other financial factors that affect the level of property taxation and local services
56.6 that the governing body of the county, city, or school district may deem appropriate to
56.7 include.

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

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

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

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

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

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

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

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

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

57.3 EFFECTIVE DATE. This section is effective beginning with refunds based on
57.4 taxes payable in 2012.

57.5 Sec. 9. [471.703] EXPENDITURE TYPE REPORTING.

57.6 Subdivision 1. Purpose. In order to facilitate involvement of the public in local
57.7 government budgeting, municipalities shall provide the following budgetary information
57.8 on a municipal Web site, except as provided in subdivision 4, and publicize the availability
57.9 of this information as part of the property tax and budget notices required in section
57.10 275.065.

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

57.13 (b) "Municipality" means a county or a home rule charter or statutory city with a
57.14 population of more than 2,500.

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

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

57.27 (b) In addition to publications required by paragraph (a), the municipality must
57.28 publish the adopted final budget on the municipal Web site within 14 days of adoption of
57.29 the final budget. The published final budget must include information on both revenues
57.30 and expenditures organized by function and by expenditure type. The final budget must
57.31 remain on the municipal Web site for one year, or until replaced by the next final budget.

57.32 (c) The governmental funds included in the budget information required under
57.33 this section shall include the municipality's general fund, debt service fund, and special
57.34 revenue funds, except for special revenue funds specifically used for the acquisition and

58.1 construction of major capital facilities. The reported information shall also exclude
58.2 enterprise funds and fiduciary funds.

58.3 (d) The forms and reporting requirements for revenues and expenditures by function
58.4 shall be established by the state auditor's office and shall be based on the revenue and
58.5 expenditure breakdowns used by that office in the five-year summary tables for annual
58.6 revenue, expenditure, and debt reports for counties and cities with a population over
58.7 2,500, under section 6.75.

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

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

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

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

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

58.32 Sec. 10. Minnesota Statutes 2011 Supplement, section 477A.013, subdivision 9,
58.33 is amended to read:

58.34 Subd. 9. **City aid distribution.** (a) In calendar year 2013 only, each city will receive
58.35 an aid distribution equal to its aid distribution in 2012 under this section. In calendar year

59.1 ~~2009~~ 2014 and thereafter, each city shall receive an aid distribution equal to the sum of (1)
59.2 the city formula aid under subdivision 8, and (2) its city aid base.

59.3 (b) ~~For aids payable in 2013 only, the total aid in the previous year for any city~~
59.4 ~~shall mean the amount of aid it was certified to receive for aids payable in 2012 under~~
59.5 ~~this section.~~ For aids payable in 2014 and thereafter, the total aid in the previous year
59.6 for any city means the amount of aid it was certified to receive under this section in the
59.7 previous payable year.

59.8 (c) For aids payable in ~~2010~~ 2014 and thereafter, the total aid for any city shall
59.9 not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid
59.10 distribution plus (2) its total aid in the previous year. For aids payable in ~~2009~~ 2014 and
59.11 thereafter, the total aid for any city with a population of 2,500 or more may not be less
59.12 than its total aid under this section in the previous year minus the lesser of \$10 multiplied
59.13 by its population, or ten percent of its net levy in the year prior to the aid distribution.

59.14 (d) For aids payable in ~~2010~~ 2014 and thereafter, the total aid for a city with a
59.15 population less than 2,500 must not be less than the amount it was certified to receive in
59.16 the previous year minus the lesser of \$10 multiplied by its population, or five percent of its
59.17 2003 certified aid amount. ~~For aids payable in 2009 only, the total aid for a city with a~~
59.18 ~~population less than 2,500 must not be less than what it received under this section in the~~
59.19 ~~previous year unless its total aid in calendar year 2008 was aid under section 477A.011,~~
59.20 ~~subdivision 36, paragraph (s), in which case its minimum aid is zero.~~

59.21 (e) A city's aid loss under this section may not exceed \$300,000 in any year in
59.22 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or
59.23 greater than the appropriation under that subdivision in the previous year, unless the
59.24 city has an adjustment in its city net tax capacity under the process described in section
59.25 469.174, subdivision 28.

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

59.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
59.33 2013 and thereafter.

59.34 Sec. 11. Minnesota Statutes 2011 Supplement, section 477A.03, subdivision 2a,
59.35 is amended to read:

60.1 Subd. 2a. **Cities.** For aids payable in ~~2013~~ 2014 and thereafter, the total aid paid
60.2 under section 477A.013, subdivision 9, is \$426,438,012.

60.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
60.4 2013 and thereafter.

60.5 Sec. 12. **CAREER AND TECHNICAL LEVY LIMITATION, PAYABLE IN 2012.**

60.6 Notwithstanding Minnesota Statutes, section 124D.4531, subdivision 1, the amount
60.7 of the levy certified under Minnesota Statutes, section 124D.4531, subdivision 1, may not
60.8 exceed \$17,850,000 for taxes payable in 2012.

60.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 only.

60.10 Sec. 13. **LEASE LEVY; ADMINISTRATIVE SPACE.**

60.11 Subdivision 1. **Faribault.** Notwithstanding Minnesota Statutes, section 126C.40,
60.12 subdivision 1, Independent School District No. 656, Faribault, may lease administrative
60.13 space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can
60.14 demonstrate to the satisfaction of the commissioner of education that the administrative
60.15 space is less expensive than instructional space that the district would otherwise lease.
60.16 The commissioner must deny this levy authority unless the district passes a resolution
60.17 stating its intent to lease instructional space under Minnesota Statutes, section 126C.40,
60.18 subdivision 1, if the commissioner does not grant authority under this section. The
60.19 resolution must also certify that a lease of administrative space under this section is less
60.20 expensive than the district's proposed instructional lease. Levy authority under this section
60.21 shall not exceed the total levy authority under Minnesota Statutes, section 126C.40,
60.22 subdivision 1, paragraph (e).

60.23 Subd. 2. **Wayzata.** Notwithstanding Minnesota Statutes, section 126C.40,
60.24 subdivision 1, Independent School District No. 284, Wayzata, may lease administrative
60.25 space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can
60.26 demonstrate to the satisfaction of the commissioner of education that the administrative
60.27 space is less expensive than instructional space that the district would otherwise lease.
60.28 The commissioner must deny this levy authority unless the district passes a resolution
60.29 stating its intent to lease instructional space under Minnesota Statutes, section 126C.40,
60.30 subdivision 1, if the commissioner does not grant authority under this section. The
60.31 resolution must also certify that a lease of administrative space under this section is less
60.32 expensive than the district's proposed instructional lease. Levy authority under this section

61.1 shall not exceed the total levy authority under Minnesota Statutes, section 126C.40,
61.2 subdivision 1, paragraph (e).

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

61.4 Sec. 14. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

61.5 In administering Minnesota Statutes, section 290A.04, subdivision 2h, for claims for
61.6 additional refunds submitted using 60 percent of the gross homestead property tax increase
61.7 exceeding 12 percent of income under prior law, the commissioner shall recalculate and
61.8 pay the refund amounts using 75 percent of the tax increase exceeding 12 percent of
61.9 income. The commissioner shall notify the claimant that the recalculation was mandated
61.10 by action of the 2012 legislature.

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

61.12 Sec. 15. **REPEALER.**

61.13 (a) Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, and 4, are repealed.

61.14 (b) Minnesota Statutes 2011 Supplement, section 275.025, subdivision 3, is repealed.

61.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2026 and
61.16 thereafter.

61.17 **ARTICLE 4**

61.18 **LOCAL DEVELOPMENT**

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

61.20 Subd. 2. **Authority.** "Authority" means a rural development financing authority
61.21 created pursuant to sections 469.142 to 469.151; a housing and redevelopment authority
61.22 created pursuant to sections 469.001 to 469.047; a port authority created pursuant to
61.23 sections 469.048 to 469.068; an economic development authority created pursuant to
61.24 sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to
61.25 469.165; a municipality that is administering a development district created pursuant to
61.26 sections 469.124 to 469.134 or any special law; a municipality that undertakes a project
61.27 pursuant to sections 469.152 to 469.165, except a town located outside the metropolitan
61.28 area or with a population of 5,000 persons or less; a municipality that undertakes a project
61.29 pursuant to subdivision 30; or a municipality that exercises the powers of a port authority
61.30 pursuant to any general or special law.

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

62.1 Sec. 2. Minnesota Statutes 2010, section 469.174, subdivision 8, is amended to read:

62.2 Subd. 8. **Project.** "Project" means a project as described in section 469.142;
62.3 an industrial development district as described in section 469.058, subdivision 1; an
62.4 economic development district as described in section 469.101, subdivision 1; a project as
62.5 defined in section 469.002, subdivision 12; a development district as defined in section
62.6 469.125, subdivision 9, or any special law; a mining reclamation project area as defined
62.7 in subdivision 30; or a project as defined in section 469.153, subdivision 2, paragraph
62.8 (a), (b), or (c).

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

62.10 Sec. 3. Minnesota Statutes 2010, section 469.174, subdivision 10, is amended to read:

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

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

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

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

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

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

62.26 (iii) have been removed or are unused, underused, inappropriately used, or
62.27 infrequently used; or

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

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

62.34 (c) A building is not structurally substandard if it is in compliance with the building
62.35 code applicable to new buildings or could be modified to satisfy the building code at

63.1 a cost of less than 15 percent of the cost of constructing a new structure of the same
63.2 square footage and type on the site. The municipality may find that a building is not
63.3 disqualified as structurally substandard under the preceding sentence on the basis of
63.4 reasonably available evidence, such as the size, type, and age of the building, the average
63.5 cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The
63.6 municipality may not make such a determination without an interior inspection of the
63.7 property, but need not have an independent, expert appraisal prepared of the cost of repair
63.8 and rehabilitation of the building. An interior inspection of the property is not required,
63.9 if the municipality finds that (1) the municipality or authority is unable to gain access to
63.10 the property after using its best efforts to obtain permission from the party that owns or
63.11 controls the property; and (2) the evidence otherwise supports a reasonable conclusion that
63.12 the building is structurally substandard. Items of evidence that support such a conclusion
63.13 include recent fire or police inspections, on-site property tax appraisals or housing
63.14 inspections, exterior evidence of deterioration, or other similar reliable evidence. Written
63.15 documentation of the findings and reasons why an interior inspection was not conducted
63.16 must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a
63.17 building to be disqualified under the provisions of this paragraph is a necessary, but not a
63.18 sufficient, condition to determining that the building is substandard.

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

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

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

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

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

63.35 (e) For purposes of this subdivision, a parcel is not occupied by buildings, streets,
63.36 utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the

64.1 area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or
64.2 other similar structures.

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

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

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

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

64.12 (1) parcels consisting of 70 percent of the area of the district contain unusual terrain
64.13 or soil deficiencies which require substantial filling, grading, or other physical preparation
64.14 for use and a parcel is eligible for inclusion if at least 50 percent of the area of the parcel
64.15 requires substantial filling, grading, or other physical preparation for use; and

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

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

64.22 Sec. 5. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision
64.23 to read:

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

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

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

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

64.33 (4) quarries or similar resource extraction sites;

65.1 (5) floodway; and

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

65.3 (b) For the purposes of paragraph (a), clauses (1) to (5), a parcel is characterized by
65.4 the relevant condition if at least 50 percent of the area of the parcel contains the relevant
65.5 condition. For the purposes of paragraph (a), clause (6), a parcel is characterized by
65.6 substandard buildings if substandard buildings occupy at least 30 percent of the area
65.7 of the parcel.

65.8 (c) If the authority elects, upon the adoption of the tax increment financing plan for a
65.9 district, the rules under paragraphs (d) and (e) apply to a redevelopment district, renewal
65.10 and renovation district, soil condition district, or soil deficiency district established by the
65.11 authority in a mining reclamation project area.

65.12 (d) Upon election of the authority under paragraph (c), for any district created in a
65.13 mining reclamation project area, the five-year rule under section 469.1763, subdivision 3,
65.14 is extended to ten years, and section 469.1763, subdivision 4, does not apply.

65.15 (e) Upon election by the authority under paragraph (c), notwithstanding any
65.16 provision to the contrary in section 469.1763, subdivision 2, paragraph (a), not more than
65.17 80 percent of the total revenue derived from tax increments paid by properties in any
65.18 district, measured over the life of the district, may be expended on activities outside the
65.19 district but within the mining reclamation project area.

65.20 (f) For a soil deficiency district, except as otherwise provided in this subdivision,
65.21 increments may be used only to:

65.22 (1) acquire parcels on which the improvements described in clause (2) will occur;

65.23 (2) pay for the cost of correcting the unusual terrain or soil deficiencies and the
65.24 additional cost of installing public improvements directly caused by the deficiencies;

65.25 (3) pay for the administrative expenses of the authority allocable to the district; and

65.26 (4) up to 25 percent of the increment may be used to pay costs as provided in section
65.27 469.176, subdivision 4j.

65.28 (g) Increments spent for any infrastructure costs, whether inside a district or outside
65.29 a district, but within the project area, are deemed to satisfy the requirements of paragraph
65.30 (f), and section 469.176, subdivisions 4b and 4j.

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

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

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

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

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

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

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

66.9 (b) For purposes of determining a duration limit under this subdivision or subdivision
66.10 1e that is based on the receipt of an increment, any increments from taxes payable in
66.11 the year in which the district terminates shall be paid to the authority. This paragraph
66.12 does not affect a duration limit calculated from the date of approval of the tax increment
66.13 financing plan or based on the recovery of costs or to a duration limit under subdivision
66.14 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
66.15 subdivision 1f.

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

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

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

66.27 Sec. 7. Minnesota Statutes 2011 Supplement, section 469.1763, subdivision 2, is
66.28 amended to read:

66.29 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
66.30 district, an amount equal to at least 75 percent of the total revenue derived from tax
66.31 increments paid by properties in the district must be expended on activities in the district
66.32 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
66.33 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
66.34 For districts, other than redevelopment districts for which the request for certification
66.35 was made after June 30, 1995, the in-district percentage for purposes of the preceding

67.1 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
67.2 increments paid by properties in the district may be expended, through a development fund
67.3 or otherwise, on activities outside of the district but within the defined geographic area of
67.4 the project except to pay, or secure payment of, debt service on credit enhanced bonds.
67.5 For districts, other than redevelopment districts for which the request for certification was
67.6 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
67.7 20 percent. The revenue derived from tax increments for the district that are expended on
67.8 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
67.9 calculating the percentages that must be expended within and without the district.

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

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

67.16 (d) The authority may elect, in the tax increment financing plan for the district,
67.17 to increase by up to ten percentage points the permitted amount of expenditures for
67.18 activities located outside the geographic area of the district under paragraph (a). As
67.19 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
67.20 expenditures under paragraph (a), need not be made within the geographic area of the
67.21 project. Expenditures that meet the requirements of this paragraph are legally permitted
67.22 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, 4d, and
67.23 4j. To qualify for the increase under this paragraph, the expenditures must:

67.24 (1) be used exclusively to assist housing that

67.25 (i) meets the requirement for a qualified low-income building, as that term is used in
67.26 section 42 of the Internal Revenue Code; ~~and~~

67.27 ~~(2) (ii) does~~ not exceed the qualified basis of the housing, as defined under section
67.28 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section
67.29 42 of the Internal Revenue Code; and

67.30 ~~(3) be (iii) is~~ used to:

67.31 ~~(i) (A)~~ acquire and prepare the site of the housing;

67.32 ~~(ii) (B)~~ acquire, construct, or rehabilitate the housing; or

67.33 ~~(iii) (C)~~ make public improvements directly related to the housing; or

67.34 ~~(4) (2)~~ be used to develop housing:

67.35 (i) if the market value of the housing prior to demolition or rehabilitation does
67.36 not exceed the lesser of:

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

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

68.5 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
68.6 demolition of existing structures, site preparation, rehabilitation, and pollution abatement
68.7 on one or more parcels, if provided that the parcel contains a residence containing is
68.8 occupied by one to four family dwelling units that has been vacant for six or more months
68.9 and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to
68.10 whether the residence is the owner's principal residence, and only after the redemption
68.11 period stated in the notice provided under section 580.06 has expired with respect to which
68.12 a mortgage was foreclosed under chapter 580, 581, or 582; any applicable redemption
68.13 period has expired without redemption; and the authority or developer enters into a
68.14 purchase agreement to acquire the parcel no earlier than 30 days after expiration of the
68.15 redemption period.

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

68.23 (f) The authority under paragraph (d), clause ~~(4)~~ (2), expires on December 31, 2016.
68.24 Increments may continue to be expended under this authority after that date, if they are
68.25 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
68.26 (a), if December 31, 2016, is considered to be the last date of the five-year period after
68.27 certification under that provision.

68.28 **EFFECTIVE DATE.** This section is effective for any district that is subject to the
68.29 provisions of Minnesota Statutes, section 469.1763, regardless of when the request for
68.30 certification was made.

68.31 Sec. 8. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,
68.32 chapter 88, article 5, section 11, is amended to read:

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

68.34 **Subdivision 1. Original tax capacity election.** (a) The provisions of this section
68.35 apply to redevelopment tax increment financing districts created by the Housing and

69.1 Redevelopment Authority in and for the city of Oakdale in the areas comprised of
69.2 the parcels with the following parcel identification numbers: (1) 3102921320053;
69.3 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058;
69.4 3102921320062; 3102921320063; 3102921320059; 3102921320060; 3102921320061;
69.5 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

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

69.10 (c) The authority to request certification of a district under this section expires on
69.11 ~~July 1, 2013~~ December 31, 2017.

69.12 **Subd. 2. Parcels deemed occupied.** (a) Parcel numbers 3102921320054,
69.13 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004
69.14 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision
69.15 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the
69.16 following conditions are met:

69.17 (1) a building located on any part of each of the specified parcels was demolished
69.18 after the authority adopted a resolution under Minnesota Statutes, section 469.174,
69.19 subdivision 10, paragraph (d), clause (3);

69.20 (2) the building was removed either by the authority, by a developer under a
69.21 development agreement with the authority, or by the owner of the property without
69.22 entering into a development agreement with the authority; and

69.23 (3) the request for certification of the parcel as part of a district is filed with the
69.24 county auditor by December 31, 2017.

69.25 (b) The provisions of subdivision 1 apply to allow an election by the authority
69.26 for the parcels deemed occupied under paragraph (a), notwithstanding the provisions
69.27 of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177,
69.28 subdivision 1, paragraph (f).

69.29 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
69.30 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,
69.31 subdivision 3.

69.32 **Sec. 9. CITY OF APPLE VALLEY; USE OF TAX INCREMENT FINANCING.**

69.33 **Subdivision 1. Developments consisting of building and ancillary facilities.**
69.34 Notwithstanding Minnesota Statutes, section 469.176, subdivisions 4c and 4m, the city of
69.35 Apple Valley may use tax increment financing to provide improvements, loans, subsidies,

70.1 grants, interest rate subsidies, or assistance in any form to developments consisting of
70.2 buildings and ancillary facilities, if all of the following conditions are met:

70.3 (1) the city of Apple Valley finds that the project will create or retain jobs in
70.4 Minnesota, including construction jobs;

70.5 (2) the city of Apple Valley finds that construction of the project will not commence
70.6 before July 1, 2013, without the use of tax increment financing;

70.7 (3) the request for certification of the district is made no later than June 30, 2013;

70.8 (4) construction of the project begins no later than July 1, 2013; and

70.9 (5) for development of housing, construction of the project begins no later than
70.10 December 31, 2012.

70.11 **Subd. 2. Extension of authority to spend tax increments.** Notwithstanding
70.12 Minnesota Statutes, section 469.176, subdivision 4m, the city of Apple Valley has the
70.13 authority to spend tax increments under Minnesota Statutes, section 469.176, subdivision
70.14 4m, until December 31, 2013.

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

70.16 **Sec. 10. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

70.17 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464,
70.18 article 1, section 8, or any other law to the contrary, the city of Bloomington and its port
70.19 authority may extend the duration limits of tax increment financing district No. 1-G,
70.20 containing the former Met Center property, including Lindau Lane and that portion of tax
70.21 increment financing district No. 1-C north of the existing building line on Lot 1, Block 1,
70.22 Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2038.

70.23 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
70.24 body of the city of Bloomington with the requirements of Minnesota Statutes, sections
70.25 469.1782, subdivision 2, and 645.021, subdivision 3.

70.26 **Sec. 11. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**
70.27 **EXTENSION.**

70.28 Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other
70.29 law to the contrary, the city of Bloomington and its port authority may extend the duration
70.30 limits of Tax Increment Financing District No. 1-I, containing the Bloomington Central
70.31 Station property for a period through December 31, 2038.

71.1 EFFECTIVE DATE. This section is effective upon compliance of the governing
71.2 body of the city of Bloomington with the requirements of Minnesota Statutes, sections
71.3 469.1782, subdivision 2, and 645.021, subdivision 3.

71.4 Sec. 12. **BROOKLYN PARK; TAX INCREMENT FINANCING.**

71.5 Subdivision 1. Temporary authority extended. The Brooklyn Park Economic
71.6 Development Authority may exercise power under Minnesota Statutes, section 469.176,
71.7 subdivision 4m, to assist in development of a hotel and an aquatic performance and
71.8 wellness center located on parcel number 2911921340004 in the city of Brooklyn Park, if
71.9 construction on some portion of that parcel commences before July 1, 2013. The authority
71.10 to spend increments for those purposes expires on July 1, 2014.

71.11 Subd. 2. Five-year rule. The requirement of Minnesota Statutes, section 469.1763,
71.12 subdivision 3, that activities must be undertaken within a five-year period from the date
71.13 of certification of a tax increment financing district, is considered to be met for Tax
71.14 Increment Financing District No. 23 in the city of Brooklyn Park if the activities were
71.15 undertaken by July 1, 2014.

71.16 EFFECTIVE DATE. This section is effective upon compliance by the city of
71.17 Brooklyn Park with the requirements of Minnesota Statutes, section 645.021, subdivision
71.18 3.

71.19 Sec. 13. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AUTHORITY;**
71.20 **TAX INCREMENT FINANCING DISTRICT.**

71.21 Subdivision 1. Authorization. Notwithstanding the provisions of any other law,
71.22 the Dakota County Community Development Authority may establish a redevelopment
71.23 tax increment financing district comprised of the properties that (1) were included in the
71.24 CDA 10 Robert and South Street district in the city of West St. Paul, and (2) were not
71.25 decertified before July 1, 2012. The district created under this section terminates no later
71.26 than December 31, 2027.

71.27 Subd. 2. Special rules. The requirements for qualifying a redevelopment district
71.28 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located
71.29 within the district. Minnesota Statutes, section 469.176, subdivisions 4g, paragraph (c),
71.30 clause (1), item (ii), 4j, and 4l, do not apply to the district. The original tax capacity
71.31 of the district is \$93,239.

71.32 Subd. 3. Authorized expenditures. Tax increment from the district may be
71.33 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter
71.34 469, within the redevelopment area that includes the district. All such expenditures are

72.1 deemed to be activities within the district under Minnesota Statutes, section 469.1763,
72.2 subdivisions 2, 3, and 4.

72.3 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must
72.4 be included in the adjusted net tax capacity of the city, county, and school district for the
72.5 purposes of determining local government aid, education aid, and county program aid.
72.6 The county auditor shall report to the commissioner of revenue the amount of the captured
72.7 tax capacity for the district at the time the assessment abstracts are filed.

72.8 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
72.9 body of the Dakota County Community Development Authority with the requirements of
72.10 Minnesota Statutes, section 645.021, subdivision 3.

72.11 Sec. 14. **ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY;**
72.12 **EXPENDITURE OF FUND BALANCE.**

72.13 Notwithstanding any other law to the contrary or the provisions of the tax increment
72.14 financing plan, the economic development authority for the city of St. Cloud may
72.15 authorize the expenditure of the balance of the tax increments from tax increment district
72.16 no. 2, commonly referred to as the Norwest District, within the Central Area Urban
72.17 Renewal Project area of the city. Eligible expenditures are for public infrastructure
72.18 improvements, including but not limited to improvements as further described in the city
72.19 of St. Cloud's 2003 Comprehensive Plan and 1996 Downtown Streetscape Plan, which
72.20 will further economic development in the Central Area Urban Renewal Project area of the
72.21 city. All tax increments from tax increment financing district no. 2 expended are ratified
72.22 and approved and are conclusively deemed to be spent in compliance with applicable law.
72.23 Any funds remaining in tax increment financing district no. 2 must be expended pursuant
72.24 to this section by December 31, 2015, or distributed as excess increments under Minnesota
72.25 Statutes, section 469.176, subdivision 2.

72.26 **EFFECTIVE DATE.** This section is effective the day following final enactment,
72.27 upon approval by the governing body of the city of St. Cloud and compliance with
72.28 Minnesota Statutes, section 645.021, subdivision 3.

72.29 **ARTICLE 5**

72.30 **HOMESTEAD MARKET VALUE CLEANUP**

72.31 Section 1. Minnesota Statutes 2010, section 38.18, is amended to read:

72.32 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

73.1 ~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at
73.2 any time having ~~a~~ an estimated market value of all its taxable property, ~~exclusive of~~
73.3 ~~money and credits~~, of more than \$105,000,000, and having a county fair located within its
73.4 corporate limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of
73.5 improving ~~any such~~ the fairground, ~~by appropriating and paying over~~ to the treasurer of
73.6 the county owning the fairground ~~such sum of money~~, not exceeding \$10,000, ~~for each~~
73.7 ~~of the political subdivisions~~, as ~~the~~ its governing body of the town, statutory city, or
73.8 ~~school district may~~, by resolution, ~~determine~~ determines to be for the best interest of the
73.9 political subdivision. ~~The sums so appropriated to~~ amounts paid to the county must be
73.10 used solely ~~for the purpose of aiding in the improvement of~~ to improve the fairground
73.11 in ~~such~~ the manner as the county board ~~of the county shall determine~~ determines to be
73.12 for the best interest of the county.

73.13 Sec. 2. Minnesota Statutes 2010, section 40A.15, subdivision 2, is amended to read:

73.14 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that
73.15 prepare plans and official controls instead of a county, and districts are eligible for
73.16 assistance under the program. Counties and districts may apply for assistance on behalf
73.17 of other municipalities. In order to be eligible for financial assistance a county or
73.18 municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market
73.19 value for agricultural land preservation and conservation activities or otherwise spend the
73.20 equivalent amount of local money on those activities, or spend \$15,000 of local money,
73.21 whichever is less.

73.22 Sec. 3. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

73.23 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
73.24 a different meaning is intended, the following words and terms, for the purposes of this
73.25 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

73.26 (a) "Commissioner" means the commissioner of revenue.

73.27 (b) "Municipality" means:

73.28 (1) a home rule charter or statutory city;

73.29 (2) an organized town;

73.30 (3) a park district subject to chapter 398;

73.31 (4) the University of Minnesota;

73.32 (5) for purposes of the fire state aid program only, an American Indian tribal
73.33 government entity located within a federally recognized American Indian reservation;

74.1 (6) for purposes of the police state aid program only, an American Indian tribal
74.2 government with a tribal police department which exercises state arrest powers under
74.3 section 626.90, 626.91, 626.92, or 626.93;

74.4 (7) for purposes of the police state aid program only, the Metropolitan Airports
74.5 Commission; and

74.6 (8) for purposes of the police state aid program only, the Department of Natural
74.7 Resources and the Department of Public Safety with respect to peace officers covered
74.8 under chapter 352B.

74.9 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
74.10 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
74.11 leakage and extended coverage premiums received upon risks located or to be performed
74.12 in this state less return premiums and dividends.

74.13 (d) "Firetown" means the area serviced by any municipality having a qualified fire
74.14 department or a qualified incorporated fire department having a subsidiary volunteer
74.15 firefighters' relief association.

74.16 (e) "Estimated market value" means latest available estimated market value of all
74.17 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt
74.18 from ad valorem taxation obtained from information which appears on abstracts filed with
74.19 the commissioner of revenue or equalized by the State Board of Equalization.

74.20 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
74.21 commissioner for reporting by each fire and casualty insurer of all premiums received
74.22 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
74.23 during the preceding calendar year, with reference to insurance written for insuring against
74.24 the perils contained in auto insurance coverages as reported in the Minnesota business
74.25 schedule of the annual financial statement which each insurer is required to file with
74.26 the commissioner in accordance with the governing laws or rules less return premiums
74.27 and dividends.

74.28 (g) "Peace officer" means any person:

74.29 (1) whose primary source of income derived from wages is from direct employment
74.30 by a municipality or county as a law enforcement officer on a full-time basis of not less
74.31 than 30 hours per week;

74.32 (2) who has been employed for a minimum of six months prior to December 31
74.33 preceding the date of the current year's certification under subdivision 2, clause (b);

74.34 (3) who is sworn to enforce the general criminal laws of the state and local
74.35 ordinances;

75.1 (4) who is licensed by the Peace Officers Standards and Training Board and is
75.2 authorized to arrest with a warrant; and

75.3 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol
75.4 retirement plan, or the public employees police and fire fund.

75.5 (h) "Full-time equivalent number of peace officers providing contract service" means
75.6 the integral or fractional number of peace officers which would be necessary to provide
75.7 the contract service if all peace officers providing service were employed on a full-time
75.8 basis as defined by the employing unit and the municipality receiving the contract service.

75.9 (i) "Retirement benefits other than a service pension" means any disbursement
75.10 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

75.11 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
75.12 who was elected or appointed to the specified position or, in the absence of the person,
75.13 another person who is designated by the applicable governing body. In a park district,
75.14 the clerk is the secretary of the board of park district commissioners. In the case of the
75.15 University of Minnesota, the clerk is that official designated by the Board of Regents.
75.16 For the Metropolitan Airports Commission, the clerk is the person designated by the
75.17 commission. For the Department of Natural Resources or the Department of Public Safety,
75.18 the clerk is the respective commissioner. For a tribal police department which exercises
75.19 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
75.20 designated by the applicable American Indian tribal government.

75.21 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
75.22 retirement plan established by chapter 353G.

75.23 Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

75.24 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

75.25 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
75.26 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
75.27 and/or firefighters relief association.

75.28 (b) The commissioner shall calculate an initial fire state aid allocation amount for
75.29 each municipality or fire department under paragraph (c) and a minimum fire state aid
75.30 allocation amount for each municipality or fire department under paragraph (d). The
75.31 municipality or fire department must receive the larger fire state aid amount.

75.32 (c) The initial fire state aid allocation amount is the amount available for
75.33 apportionment as fire state aid under subdivision 5, without inclusion of any additional
75.34 funding amount to support a minimum fire state aid amount under section 423A.02,
75.35 subdivision 3, allocated one-half in proportion to the population as shown in the last

76.1 official statewide federal census for each fire town and one-half in proportion to the
76.2 estimated market value of each fire town, including (1) the estimated market value of
76.3 tax-exempt property and (2) the estimated market value of natural resources lands
76.4 receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the
76.5 estimated market value of minerals. In the case of incorporated or municipal fire
76.6 departments furnishing fire protection to other cities, towns, or townships as evidenced
76.7 by valid fire service contracts filed with the commissioner, the distribution must be
76.8 adjusted proportionately to take into consideration the crossover fire protection service.
76.9 Necessary adjustments must be made to subsequent apportionments. In the case of
76.10 municipalities or independent fire departments qualifying for the aid, the commissioner
76.11 shall calculate the state aid for the municipality or relief association on the basis of the
76.12 population and the estimated market value of the area furnished fire protection service
76.13 by the fire department as evidenced by duly executed and valid fire service agreements
76.14 filed with the commissioner. If one or more fire departments are furnishing contracted fire
76.15 service to a city, town, or township, only the population and estimated market value of the
76.16 area served by each fire department may be considered in calculating the state aid and
76.17 the fire departments furnishing service shall enter into an agreement apportioning among
76.18 themselves the percent of the population and the estimated market value of each service
76.19 area. The agreement must be in writing and must be filed with the commissioner.

76.20 (d) The minimum fire state aid allocation amount is the amount in addition to the
76.21 initial fire state allocation amount that is derived from any additional funding amount
76.22 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
76.23 allocated to municipalities with volunteer firefighters relief associations or covered by the
76.24 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
76.25 of active volunteer firefighters who are members of the relief association as reported
76.26 in the annual financial reporting for the calendar year 1993 to the Office of the State
76.27 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
76.28 fire departments with volunteer firefighters relief associations receive in total at least a
76.29 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
76.30 30 firefighters. If a relief association is established after calendar year 1993 and before
76.31 calendar year 2000, the number of active volunteer firefighters who are members of the
76.32 relief association as reported in the annual financial reporting for calendar year 1998
76.33 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
76.34 shall be used in this determination. If a relief association is established after calendar
76.35 year 1999, the number of active volunteer firefighters who are members of the relief
76.36 association as reported in the first annual financial reporting submitted to the Office of

77.1 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
77.2 determination. If a relief association is terminated as a result of providing retirement
77.3 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
77.4 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
77.5 of the municipality covered by the statewide plan as certified by the executive director of
77.6 the Public Employees Retirement Association to the commissioner and the state auditor,
77.7 but not to exceed 30 active firefighters, must be used in this determination.

77.8 (e) Unless the firefighters of the applicable fire department are members of the
77.9 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
77.10 be paid to the treasurer of the municipality where the fire department is located and the
77.11 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
77.12 the aid to the relief association if the relief association has filed a financial report with the
77.13 treasurer of the municipality and has met all other statutory provisions pertaining to the
77.14 aid apportionment. If the firefighters of the applicable fire department are members of
77.15 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
77.16 must be paid to the executive director of the Public Employees Retirement Association
77.17 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

77.18 (f) The commissioner may make rules to permit the administration of the provisions
77.19 of this section.

77.20 (g) Any adjustments needed to correct prior misallocations must be made to
77.21 subsequent apportionments.

77.22 Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

77.23 Subd. 8. **Population and estimated market value.** (a) In computations relating to
77.24 fire state aid requiring the use of population figures, only official statewide federal census
77.25 figures are to be used. Increases or decreases in population disclosed by reason of any
77.26 special census must not be taken into consideration.

77.27 (b) In calculations relating to fire state aid requiring the use of estimated market
77.28 value property figures, only the latest available estimated market value property figures
77.29 may be used.

77.30 Sec. 6. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

77.31 Subd. 3. **Determination of market value.** In determining the net tax capacity of
77.32 property within any taxing district the value of the surface of lands within any auxiliary
77.33 forest therein, as determined by the county board under the provisions of section 88.48,

78.1 subdivision 3, shall, for all purposes except the levying of taxes on lands within any such
78.2 forest, be deemed the estimated market value thereof.

78.3 Sec. 7. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

78.4 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local
78.5 government unit may annually levy a tax on all taxable property in the district for the
78.6 purposes for which the tax district is established. The tax may not exceed 0.02418 percent
78.7 of estimated market value on taxable property located in rural towns other than urban
78.8 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall
78.9 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve
78.10 fund at the time the tax is terminated or the district is dissolved shall be transferred and
78.11 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce
78.12 tax levies for bonded indebtedness of taxable property in the district.

78.13 Sec. 8. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

78.14 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued
78.15 under subdivision 7 and the payment required under subdivision 6, the county shall
78.16 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property
78.17 located within the territory of the watershed management organization or subwatershed
78.18 unit for which the bonds are issued. Each year until the reserve for payment of the bonds
78.19 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory
78.20 of the organization or unit, without respect to any statutory or other limitation on taxes, an
78.21 amount of taxes sufficient to pay principal and interest on the bonds and to restore any
78.22 deficiencies in reserves required to be maintained for payment of the bonds.

78.23 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418
78.24 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town
78.25 electors.

78.26 (c) If at any time the amounts available from the levy on property in the territory of
78.27 the organization are insufficient to pay principal and interest on the bonds when due, the
78.28 county shall make payment from any available funds in the county treasury.

78.29 (d) The amount of any taxes which are required to be levied outside of the territory
78.30 of the watershed management organization or unit or taken from the general funds of the
78.31 county to pay principal or interest on the bonds shall be reimbursed to the county from
78.32 taxes levied within the territory of the watershed management organization or unit.

78.33 Sec. 9. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

79.1 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
79.2 supervisors of each municipality in the district must provide the funds necessary to meet
79.3 its proportion of the total cost determined by the board, provided the total funding from
79.4 all municipalities in the district for the costs shall not exceed an amount equal to .00242
79.5 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths
79.6 of the municipalities in the district pass a resolution concurring to the additional costs.

79.7 (b) The funds must be deposited in the treasury of the district in amounts and at
79.8 times as the treasurer of the district requires.

79.9 Sec. 10. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

79.10 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
79.11 supervisors of each municipality in the district shall provide the funds necessary to
79.12 meet its proportion of the total cost to be borne by the municipalities as finally certified
79.13 by the board.

79.14 (b) The municipality's funds may be raised by any means within the authority of
79.15 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of
79.16 ~~taxable~~ estimated market value on the taxable property located in the district to provide
79.17 the funds. The levy shall be within all other limitations provided by law.

79.18 (c) The funds must be deposited into the treasury of the district in amounts and at
79.19 times as the treasurer of the district requires.

79.20 Sec. 11. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

79.21 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,
79.22 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated
79.23 market value, or \$60,000, whichever is less. The money in the fund shall be used for
79.24 organizational expenses and preparation of the watershed management plan for projects.

79.25 (b) The managers may borrow from the affected counties up to 75 percent of the
79.26 anticipated funds to be collected from the organizational expense fund levy and the
79.27 counties affected may make the advancements.

79.28 (c) The advancement of anticipated funds shall be apportioned among affected
79.29 counties in the same ratio as the net tax capacity of the area of the counties within
79.30 the watershed district bears to the net tax capacity of the entire watershed district. If a
79.31 watershed district is enlarged, an organizational expense fund may be levied against the
79.32 area added to the watershed district in the same manner as provided in this subdivision.

79.33 (d) Unexpended funds collected for the organizational expense may be transferred to
79.34 the administrative fund and used for the purposes of the administrative fund.

80.1 Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

80.2 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may
80.3 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is
80.4 less. The money in the fund shall be used for general administrative expenses and for
80.5 the construction or implementation and maintenance of projects of common benefit to
80.6 the watershed district. The managers may make an annual levy for the general fund as
80.7 provided in section 103D.911. In addition to the annual general levy, the managers may
80.8 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value
80.9 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic
80.10 water management features of projects initiated by petition of a political subdivision
80.11 within the watershed district or by petition of at least 50 resident owners whose property
80.12 is within the watershed district.

80.13 Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

80.14 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund
80.15 is established and used only if other funds are not available to the watershed district to pay
80.16 for making necessary surveys and acquiring data.

80.17 (b) The survey and data acquisition fund consists of the proceeds of a property tax
80.18 that can be levied only once every five years. The levy may not exceed 0.02418 percent of
80.19 ~~taxable~~ estimated market value.

80.20 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

80.21 (d) In a subsequent proceeding for a project where a survey has been made, the
80.22 attributable cost of the survey as determined by the managers shall be included as a part of
80.23 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

80.24 Sec. 14. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

80.25 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

80.26 (1) that was inspected by the appropriate local government and cited for one or more
80.27 enforceable housing, maintenance, or building code violations;

80.28 (2) in which the cited building code violations involve one or more of the following:

80.29 (i) a roof and roof framing element;

80.30 (ii) support walls, beams, and headers;

80.31 (iii) foundation, footings, and subgrade conditions;

80.32 (iv) light and ventilation;

80.33 (v) fire protection, including egress;

80.34 (vi) internal utilities, including electricity, gas, and water;

- 81.1 (vii) flooring and flooring elements; or
81.2 (viii) walls, insulation, and exterior envelope;
81.3 (3) in which the cited housing, maintenance, or building code violations have not
81.4 been remedied after two notices to cure the noncompliance; and
81.5 (4) has uncured housing, maintenance, and building code violations, satisfaction of
81.6 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value
81.7 for the building, excluding land value, as determined under section 273.11 for property
81.8 taxes payable in the year in which the condemnation is commenced.

81.9 A local government is authorized to seek from a judge or magistrate an administrative
81.10 warrant to gain access to inspect a specific building in a proposed development or
81.11 redevelopment area upon showing of probable cause that a specific code violation has
81.12 occurred and that the violation has not been cured, and that the owner has denied the local
81.13 government access to the property. Items of evidence that may support a conclusion of
81.14 probable cause may include recent fire or police inspections, housing inspection, exterior
81.15 evidence of deterioration, or other similar reliable evidence of deterioration in the specific
81.16 building.

81.17 Sec. 15. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

81.18 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
81.19 an assessment/sales ratio study of the taxable property in each county, city, town, and
81.20 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
81.21 results of this assessment/sales ratio study, the Department of Revenue must determine an
81.22 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each
81.23 taxing district, the aggregate of which ~~tax capacity shall be~~ is designated as the adjusted
81.24 net tax capacity. The adjusted net tax capacity must be reduced by the captured tax
81.25 capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities
81.26 contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of
81.27 transmission lines required to be subtracted from the local tax base under section 273.425;
81.28 and increased by fiscal disparities distribution tax capacities under sections 276A.06 and
81.29 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity
81.30 percentages in effect for the assessment year following the assessment year of the study.
81.31 The Department of Revenue must make whatever estimates are necessary to account for
81.32 changes in the classification system. The Department of Revenue may incur the expense
81.33 necessary to make the determinations. The commissioner of revenue may reimburse any
81.34 county or governmental official for requested services performed in ascertaining the
81.35 adjusted net tax capacity. On or before March 15 annually, the Department of Revenue

82.1 shall file with the chair of the Tax Committee of the house of representatives and the
82.2 chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax
82.3 capacities for school districts. On or before June 15 annually, the Department of Revenue
82.4 shall file its final report on the adjusted net tax capacities for school districts established
82.5 by the previous year's assessments and the current year's net tax capacity percentages with
82.6 the commissioner of education and each county auditor for those school districts for
82.7 which the auditor has the responsibility for determination of local tax rates. A copy of
82.8 the report so filed shall be mailed to the clerk of each school district involved and to the
82.9 county assessor or supervisor of assessments of the county or counties in which each
82.10 school district is located.

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

82.12 Sec. 16. Minnesota Statutes 2010, section 138.053, is amended to read:

82.13 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**
82.14 **TOWNS.**

82.15 The governing body of any home rule charter or statutory city or town may annually
82.16 appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~
82.17 estimated market value, derived from ad valorem taxes on property or other revenues,
82.18 to be paid to the historical society of its respective county to be used for the promotion
82.19 of historical work and to aid in defraying the expenses of carrying on the historical
82.20 work in the county. No city or town may appropriate any funds for the benefit of any
82.21 historical society unless the society is affiliated with and approved by the Minnesota
82.22 Historical Society.

82.23 Sec. 17. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

82.24 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
82.25 taxable real and personal property in the district. The ad valorem tax levy may not
82.26 exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000,
82.27 whichever is less. The proceeds of the levy must be used as provided in subdivision 5.
82.28 The board shall certify the levy at the times as provided under section 275.07. The board
82.29 shall provide the county with whatever information is necessary to identify the property
82.30 that is located within the district. If the boundaries include a part of a parcel, the entire
82.31 parcel shall be included in the district. The county auditors must spread, collect, and
82.32 distribute the proceeds of the tax at the same time and in the same manner as provided by
82.33 law for all other property taxes.

83.1 Sec. 18. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

83.2 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596
83.3 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding
83.4 calendar year shall be computed and shall be subtracted from the county's total estimated
83.5 construction costs. The result thereof shall be the money needs of the county. For the
83.6 purpose of this section, "rural counties" means all counties having a population of less
83.7 than 175,000.

83.8 Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

83.9 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967
83.10 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding
83.11 calendar year shall be computed and shall be subtracted from the county's total estimated
83.12 construction costs. The result thereof shall be the money needs of the county. For
83.13 the purpose of this section, "urban counties" means all counties having a population
83.14 of 175,000 or more.

83.15 Sec. 20. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

83.16 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or
83.17 city of the third or fourth class may determine that it is necessary to build or improve any
83.18 bridge or bridges, including approaches thereto, and any dam or retaining works connected
83.19 therewith, upon or forming a part of streets or highways either wholly or partly within
83.20 its limits, the county board shall appropriate one-half of the money as may be necessary
83.21 therefor from the county road and bridge fund, not exceeding during any year one-half
83.22 the amount of taxes paid into the county road and bridge fund during the preceding year,
83.23 on property within the corporate limits of the city. The appropriation shall be made upon
83.24 the petition of the council, which petition shall be filed by the council with the county
83.25 board prior to the fixing by the board of the annual county tax levy. The county board
83.26 shall determine the plans and specifications, shall let all necessary contracts, shall have
83.27 charge of construction, and upon its request, warrants in payment thereof shall be issued
83.28 by the county auditor, from time to time, as the construction work proceeds. Any unpaid
83.29 balance may be paid or advanced by the city. On petition of the council, the appropriations
83.30 of the county board, during not to exceed three successive years, may be made to apply
83.31 on the construction of the same items and to repay any money advanced by the city in
83.32 the construction thereof. None of the provisions of this section shall be construed to
83.33 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per
83.34 capita of its population.

84.1 Sec. 21. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

84.2 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95
84.3 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value
84.4 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~
84.5 the county board, by resolution, may expend the funds provided in subdivision 4 in any
84.6 organized or unorganized township or portion thereof in such county.

84.7 Sec. 22. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

84.8 Subdivision 1. **Certain counties may issue and sell.** The county board of any
84.9 county having no outstanding road and bridge bonds may issue and sell county road bonds
84.10 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable
84.11 property within the county ~~exclusive of money and credits,~~ for the purpose of constructing,
84.12 reconstructing, improving, or maintaining any bridge or bridges on any highway under its
84.13 jurisdiction, without submitting the matter to a vote of the electors of the county.

84.14 Sec. 23. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision
84.15 to read:

84.16 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's
84.17 determination of market value, including the effects of any orders made under section
84.18 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain
84.19 uses in determining the total estimated market value for the taxing jurisdiction.

84.20 Sec. 24. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision
84.21 to read:

84.22 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market
84.23 value for the parcel as reduced by market value exclusions, deferments of value, or other
84.24 adjustments, required by law, that reduce market value before the application of class rates.

84.25 Sec. 25. Minnesota Statutes 2010, section 273.032, is amended to read:

84.26 **273.032 MARKET VALUE DEFINITION.**

84.27 (a) Unless otherwise provided, for the purpose of determining any property tax
84.28 levy limitation based on market value or any limit on net debt, the issuance of bonds,
84.29 certificates of indebtedness, or capital notes based on market value, any qualification to
84.30 receive state aid based on market value, or any state aid amount based on market value,
84.31 the terms "market value," "~~taxable~~ estimated market value," and "market valuation,"
84.32 whether equalized or unequalized, mean the ~~total taxable~~ total taxable estimated market value of

85.1 taxable property within the local unit of government before any of the following or
85.2 similar adjustments for:

85.3 (1) the market value exclusions under:

85.4 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

85.5 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

85.6 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business
85.7 properties);

85.8 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

85.9 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

85.10 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or
85.11 caregiver);

85.12 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

85.13 (2) the deferment of value under:

85.14 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

85.15 (ii) the Aggregate Resource Preservation Property Tax Law, section 273.1115;

85.16 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

85.17 (iv) the rural preserves property tax program, section 273.114; or

85.18 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

85.19 (3) the adjustments to tax capacity for:

85.20 (i) tax increment, financing under sections 469.174 to 469.1794;

85.21 (ii) fiscal disparity, disparities under chapter 276A or 473F; or

85.22 (iii) powerline credit, or wind energy values, but after the limited market adjustments
85.23 under section 273.11, subdivision 1a, and after the market value exclusions of certain
85.24 improvements to homestead property under section 273.11, subdivision 16 under section
85.25 273.425.

85.26 (b) Estimated market value under paragraph (a) also includes the market value
85.27 of tax exempt property if the applicable law specifically provides that the limitation,
85.28 qualification, or aid calculation includes tax exempt property.

85.29 (c) Unless otherwise provided, "market value," "taxable estimated market value,"
85.30 and "market valuation" for purposes of this paragraph, property tax levy limitations and
85.31 calculation of state aid, refer to the taxable estimated market value for the previous
85.32 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of
85.33 indebtedness, or capital notes refer to the estimated market value as last finally equalized.

85.34 For the purpose of determining any net debt limit based on market value, or any limit
85.35 on the issuance of bonds, certificates of indebtedness, or capital notes based on market
85.36 value, the terms "market value," "taxable market value," and "market valuation," whether

86.1 ~~equalized or unequalized, mean the total taxable market value of property within the local~~
86.2 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~
86.3 ~~credit, or wind energy values, but after the limited market value adjustments under section~~
86.4 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~
86.5 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~
86.6 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~
86.7 ~~paragraph, mean the taxable market value as last finally equalized.~~

86.8 (d) For purposes of a provision of a home rule charter or of any special law that is
86.9 not codified in the statutes and that imposes a levy limitation based on market value or
86.10 any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes
86.11 based on market value, the terms "market value," "taxable market value," and "market
86.12 valuation," whether equalized or unequalized, mean "estimated market value" as defined
86.13 in paragraph (a).

86.14 Sec. 26. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

86.15 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
86.16 subdivision 1, all property shall be valued at its market value. The market value as
86.17 determined pursuant to this section shall be stated such that any amount under \$100 is
86.18 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.
86.19 In estimating and determining such value, the assessor shall not adopt a lower or different
86.20 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
86.21 adopt as a criterion of value the price for which such property would sell at a forced sale,
86.22 or in the aggregate with all the property in the town or district; but the assessor shall value
86.23 each article or description of property by itself, and at such sum or price as the assessor
86.24 believes the same to be fairly worth in money. The assessor shall take into account the
86.25 effect on the market value of property of environmental factors in the vicinity of the
86.26 property. In assessing any tract or lot of real property, the value of the land, exclusive of
86.27 structures and improvements, shall be determined, and also the value of all structures and
86.28 improvements thereon, and the aggregate value of the property, including all structures
86.29 and improvements, excluding the value of crops growing upon cultivated land. In valuing
86.30 real property upon which there is a mine or quarry, it shall be valued at such price as such
86.31 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,
86.32 if the material being mined or quarried is not subject to taxation under section 298.015
86.33 and the mine or quarry is not exempt from the general property tax under section 298.25.
86.34 In valuing real property which is vacant, platted property shall be assessed as provided
86.35 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is

87.1 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market
87.2 value of such property and not at the value of a leasehold estate in such property, or at
87.3 some lesser value than its market value.

87.4 Sec. 27. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

87.5 Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the~~
87.6 ~~appropriate gross class rates in this section and market values.~~

87.7 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this
87.8 section and taxable market values.

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

87.10 Sec. 28. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

87.11 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each
87.12 taxing district within each unique taxing jurisdiction for taxes payable in the prior year
87.13 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for
87.14 taxes payable in the year for which aid is being computed, to (2) its tax capacity using
87.15 the class rates for taxes payable in the year prior to that for which aid is being computed,
87.16 both based upon taxable market values for taxes payable in the year prior to that for which
87.17 aid is being computed. If the commissioner determines that insufficient information is
87.18 available to reasonably and timely calculate the numerator in this ratio for the first taxes
87.19 payable year that a class rate change or new class rate is effective, the commissioner shall
87.20 omit the effects of that class rate change or new class rate when calculating this ratio for
87.21 aid payable in that taxes payable year. For aid payable in the year following a year for
87.22 which such omission was made, the commissioner shall use in the denominator for the
87.23 class that was changed or created, the tax capacity for taxes payable two years prior to that
87.24 in which the aid is payable, based on taxable market values for taxes payable in the year
87.25 prior to that for which aid is being computed.

87.26 Sec. 29. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

87.27 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,
87.28 class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1)
87.29 the property is located in a border city that has an enterprise zone designated pursuant
87.30 to section 469.168, subdivision 4; (2) the property is located in a city with a population
87.31 greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the
87.32 city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city

88.1 in another state; and (4) the adjacent city in the other state has a population of greater than
88.2 5,000 and less than 75,000 according to the 1980 decennial census.

88.3 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
88.4 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a
88.5 and class 3b property to 2.3 percent of taxable market value.

88.6 (c) The county auditor shall annually certify the costs of the credits to the
88.7 Department of Revenue. The department shall reimburse local governments for the
88.8 property taxes forgone as the result of the credits in proportion to their total levies.

88.9 Sec. 30. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

88.10 Subdivision 1. **Determination of levy limit.** The property tax levied for any
88.11 purpose under a special law that is not codified in Minnesota Statutes or a city charter
88.12 provision and that is subject to a mill rate limitation imposed by the special law or city
88.13 charter provision, excluding levies subject to mill rate limitations that use adjusted
88.14 assessed values determined by the commissioner of revenue under section 124.2131, must
88.15 not exceed the following amount for the years specified:

88.16 (a) for taxes payable in 1988, the product of the applicable mill rate limitation
88.17 imposed by special law or city charter provision multiplied by the total assessed valuation
88.18 of all taxable property subject to the tax as adjusted by the provisions of Minnesota
88.19 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

88.20 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for
88.21 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for
88.22 market valuation changes equal to the assessment year 1988 total market valuation of all
88.23 taxable property subject to the tax divided by the assessment year 1987 total market
88.24 valuation of all taxable property subject to the tax; and

88.25 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property
88.26 tax levy limitation for the previous year determined pursuant to this subdivision multiplied
88.27 by (2) an index for market valuation changes equal to the total market valuation of all
88.28 taxable property subject to the tax for the current assessment year divided by the total
88.29 market valuation of all taxable property subject to the tax for the previous assessment year.

88.30 For the purpose of determining the property tax levy limitation for the taxes payable
88.31 year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation"
88.32 means the ~~total~~ estimated market ~~valuation~~ value of all taxable property subject to the
88.33 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~
88.34 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~
88.35 as provided under section 273.032.

89.1 Sec. 31. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

89.2 Subd. 2. **Correction of levy amount.** The difference between the correct levy and
89.3 the erroneous levy shall be added to the township levy for the subsequent levy year;
89.4 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ estimated
89.5 market value, the excess shall be added to the township levy for the second and later
89.6 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~
89.7 estimated market value in any year, until the full amount of the difference has been levied.
89.8 The funds collected from the corrected levies shall be used to reimburse the county for the
89.9 payment required by subdivision 1.

89.10 Sec. 32. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

89.11 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
89.12 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
89.13 or section 275.72, multiplied by:

89.14 (1) one plus the percentage growth in the implicit price deflator, but the percentage
89.15 shall not be less than zero or exceed 3.9 percent;

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

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

89.22 Sec. 33. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is
89.23 amended to read:

89.24 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
89.25 printing of the tax statements. The commissioner of revenue shall prescribe the form of
89.26 the property tax statement and its contents. The tax statement must not state or imply
89.27 that property tax credits are paid by the state of Minnesota. The statement must contain
89.28 a tabulated statement of the dollar amount due to each taxing authority and the amount
89.29 of the state tax from the parcel of real property for which a particular tax statement is
89.30 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
89.31 school tax, the other local school tax, the township or municipality, and the total of
89.32 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
89.33 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
89.34 if any, may be aggregated except that any levies made by the regional rail authorities in the

90.1 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
90.2 398A shall be listed on a separate line directly under the appropriate county's levy. If the
90.3 county levy under this paragraph includes an amount for a lake improvement district as
90.4 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
90.5 must be separately stated from the remaining county levy amount. In the case of Ramsey
90.6 County, if the county levy under this paragraph includes an amount for public library
90.7 service under section 134.07, the amount attributable for that purpose may be separated
90.8 from the remaining county levy amount. The amount of the tax on homesteads qualifying
90.9 under the senior citizens' property tax deferral program under chapter 290B is the total
90.10 amount of property tax before subtraction of the deferred property tax amount. The
90.11 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
90.12 must also be separately stated. The dollar amounts, including the dollar amount of any
90.13 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
90.14 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
90.15 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
90.16 must also be listed on the tax statement.

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

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

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

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

90.27 (3) the property's taxable market value ~~after reductions under sections 273.11,~~
90.28 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

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

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

90.31 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
90.32 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
90.33 credit received under section 273.135 must be separately stated and identified as "taconite
90.34 tax relief"; and

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

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

91.9 Sec. 34. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

91.10 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal
91.11 property within a municipality means the ~~assessor's estimated taxable~~ taxable market value,
91.12 as defined in section 272.03, of all real and personal property, including the value of
91.13 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~
91.14 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~
91.15 ~~with respect to each municipality which are comparable to those it makes for school~~
91.16 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~
91.17 ~~town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner~~
91.18 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~
91.19 ~~annually determine, for each municipality, information comparable to that required by~~
91.20 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~
91.21 ~~available. The commissioner of revenue shall then compute the equalized market value of~~
91.22 ~~property within each municipality.~~

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

91.24 Sec. 35. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

91.25 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
91.26 adjusted market value, determined as of January 2 of any year, divided by its population,
91.27 determined as of a date in the same year.

91.28 Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

91.29 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
91.30 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
91.31 as of January 2 of any year, divided by the sum of their populations, determined as of
91.32 a date in the same year.

92.1 Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

92.2 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of
92.3 real and personal property multiplied by its net tax capacity rates in section 273.13.

92.4 Sec. 38. Minnesota Statutes 2010, section 287.08, is amended to read:

92.5 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

92.6 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of
92.7 any county in this state in which the real property or some part is located at or before
92.8 the time of filing the mortgage for record. The treasurer shall endorse receipt on the
92.9 mortgage and the receipt is conclusive proof that the tax has been paid in the amount
92.10 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its
92.11 form, in substance, shall be "registration tax hereon of dollars paid." If the
92.12 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from
92.13 registration tax." In either case the receipt must be signed by the treasurer. In case the
92.14 treasurer is unable to determine whether a claim of exemption should be allowed, the tax
92.15 must be paid as in the case of a taxable mortgage. For documents submitted electronically,
92.16 the endorsements and tax amount shall be affixed electronically and no signature by the
92.17 treasurer will be required. The actual payment method must be arranged in advance
92.18 between the submitter and the receiving county.

92.19 (b) The county treasurer may refund in whole or in part any mortgage registry tax
92.20 overpayment if a written application by the taxpayer is submitted to the county treasurer
92.21 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
92.22 of the application, the taxpayer may bring an action in Tax Court in the county in which
92.23 the tax was paid at any time after the expiration of six months from the time that the
92.24 application was submitted. A denial of refund may be appealed within 60 days from
92.25 the date of the denial by bringing an action in Tax Court in the county in which the tax
92.26 was paid. The action is commenced by the serving of a petition for relief on the county
92.27 treasurer, and by filing a copy with the court. The county attorney shall defend the action.
92.28 The county treasurer shall notify the treasurer of each county that has or would receive a
92.29 portion of the tax as paid.

92.30 (c) If the county treasurer determines a refund should be paid, or if a refund is
92.31 ordered by the court, the county treasurer of each county that actually received a portion
92.32 of the tax shall immediately pay a proportionate share of three percent of the refund
92.33 using any available county funds. The county treasurer of each county that received, or
92.34 would have received, a portion of the tax shall also pay their county's proportionate share
92.35 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the

93.1 following month using solely the mortgage registry tax funds that would be paid to the
93.2 commissioner of revenue on that date under section 287.12. If the funds on hand under
93.3 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the
93.4 county treasurer of the county in which the action was brought shall file a claim with the
93.5 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of
93.6 the refund, and shall pay over the remaining portion upon receipt of a warrant from the
93.7 state issued pursuant to the claim.

93.8 (d) When any mortgage covers real property located in more than one county in this
93.9 state the total tax must be paid to the treasurer of the county where the mortgage is first
93.10 presented for recording, and the payment must be receipted as provided in paragraph
93.11 (a). If the principal debt or obligation secured by such a multiple county mortgage
93.12 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by
93.13 the county treasurer receiving it, on or before the 20th day of each month after receipt,
93.14 to the county or counties entitled in the ratio that the estimated market value of the real
93.15 property covered by the mortgage in each county bears to the estimated market value of
93.16 all the real property in this state described in the mortgage. In making the division and
93.17 payment the county treasurer shall send a statement giving the description of the real
93.18 property described in the mortgage and the estimated market value of the part located in
93.19 each county. For this purpose, the treasurer of any county may require the treasurer of
93.20 any other county to certify to the former the estimated market ~~valuation~~ value of any tract
93.21 of real property in any mortgage.

93.22 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The
93.23 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the
93.24 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,
93.25 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the
93.26 amount of the tax collected for that purpose and the mortgagor is relieved of any further
93.27 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

93.28 Sec. 39. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

93.29 Subdivision 1. **Real property outside county.** If any taxable deed or instrument
93.30 describes any real property located in more than one county in this state, the total tax must
93.31 be paid to the treasurer of the county where the document is first presented for recording,
93.32 and the payment must be receipted as provided in section 287.08. If the net consideration
93.33 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the
93.34 county treasurer receiving it, on or before the 20th day of each month after receipt, to
93.35 the county or counties entitled in the ratio which the estimated market value of the real

94.1 property covered by the document in each county bears to the estimated market value of
94.2 all the real property in this state described in the document. In making the division and
94.3 payment the county treasurer shall send a statement to the other involved counties giving
94.4 the description of the real property described in the document and the estimated market
94.5 value of the part located in each county. The treasurer of any county may require the
94.6 treasurer of any other county to certify to the former the estimated market ~~valuation~~ value
94.7 of any parcel of real property for this purpose.

94.8 Sec. 40. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

94.9 Subd. 2. **Cash flow funding requirement.** If the executive director determines that
94.10 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
94.11 insufficient assets to meet the service pensions determined payable from the account,
94.12 the executive director shall certify the amount of the potential service pension shortfall
94.13 to the municipality or municipalities and the municipality or municipalities shall make
94.14 an additional employer contribution to the account within ten days of the certification.
94.15 If more than one municipality is associated with the account, unless the municipalities
94.16 agree to a different allocation, the municipalities shall allocate the additional employer
94.17 contribution one-half in proportion to the population of each municipality and one-half in
94.18 proportion to the estimated market value of the property of each municipality.

94.19 Sec. 41. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

94.20 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything
94.21 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of
94.22 the town, the town must follow this subdivision.

94.23 The town must publish in its official newspaper the board's resolution to pay for the
94.24 property over time. Then a petition for an election on the contract may be filed with the
94.25 clerk. The petition must be filed within ten days after the resolution is published. To
94.26 require the election the petition must be signed by a number of voters equal to ten percent
94.27 of the voters at the last regular town election. The contract then must be approved by a
94.28 majority of those voting on the question. The question may be voted on at a regular
94.29 or special election.

94.30 Sec. 42. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

94.31 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
94.32 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
94.33 The certificates shall be payable in not more than ten years and be issued on the terms and

95.1 in the manner as the board may determine. If the amount of the certificates to be issued
95.2 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued
95.3 for at least ten days after publication in a newspaper of general circulation in the town of
95.4 the board's resolution determining to issue them. If within that time, a petition asking for
95.5 an election on the proposition signed by voters equal to ten percent of the number of voters
95.6 at the last regular town election is filed with the clerk, the certificates shall not be issued
95.7 until their issuance has been approved by a majority of the votes cast on the question at
95.8 a regular or special election. A tax levy shall be made to pay the principal and interest
95.9 on the certificates as in the case of bonds.

95.10 Sec. 43. Minnesota Statutes 2010, section 366.27, is amended to read:

95.11 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

95.12 The town board of any town in this state having therein a platted portion on
95.13 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief
95.14 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~
95.15 estimated market value for the benefit of the relief association.

95.16 Sec. 44. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

95.17 Subd. 23. **Financing purchase of certain equipment.** The town board may issue
95.18 certificates of indebtedness within debt limits to purchase fire or police equipment or
95.19 ambulance equipment or street construction or maintenance equipment. The certificates
95.20 shall be payable in not more than five years and be issued on terms and in the manner
95.21 as the board may determine. If the amount of the certificates to be issued to finance a
95.22 purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding~~
95.23 ~~money and credits~~, they shall not be issued for at least ten days after publication in the
95.24 official newspaper of a town board resolution determining to issue them. If before the end
95.25 of that time, a petition asking for an election on the proposition signed by voters equal
95.26 to ten percent of the number of voters at the last regular town election is filed with the
95.27 clerk, the certificates shall not be issued until the proposition of their issuance has been
95.28 approved by a majority of the votes cast on the question at a regular or special election.
95.29 A tax levy shall be made for the payment of the principal and interest on the certificates
95.30 as in the case of bonds.

95.31 Sec. 45. Minnesota Statutes 2010, section 368.47, is amended to read:

95.32 **368.47 TOWNS MAY BE DISSOLVED.**

96.1 (1) When the voters residing within a town have failed to elect any town officials for
96.2 more than ten years continuously;

96.3 (2) when a town has failed for a period of ten years to exercise any of the powers
96.4 and functions of a town;

96.5 (3) when the estimated market value of a town drops to less than \$165,000;

96.6 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or
96.7 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to
96.8 12 percent of its market value; or

96.9 (5) when the state or federal government has acquired title to 50 percent of the
96.10 real estate of a town,

96.11 which facts, or any of them, may be found and determined by the resolution of the county
96.12 board of the county in which the town is located, according to the official records in the
96.13 office of the county auditor, the county board by resolution may declare the town, naming
96.14 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

96.15 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters
96.16 of the town shall express their approval or disapproval. The town clerk shall, upon a
96.17 petition signed by a majority of the registered voters of the town, filed with the clerk at
96.18 least 60 days before a regular or special town election, give notice at the same time and
96.19 in the same manner of the election that the question of dissolution of the town will be
96.20 submitted for determination at the election. At the election the question shall be voted
96.21 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against
96.22 dissolution." The ballot shall be deposited in a separate ballot box and the result of the
96.23 voting canvassed, certified, and returned in the same manner and at the same time as
96.24 other facts and returns of the election. If a majority of the votes cast at the election are
96.25 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election
96.26 are against dissolution, the town shall not be dissolved.

96.27 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire
96.28 title to any telephone company or other business conducted by the town. The business
96.29 shall be operated by the board of county commissioners until it can be sold. The
96.30 subscribers or patrons of the business shall have the first opportunity of purchase. If the
96.31 town has any outstanding indebtedness chargeable to the business, the county auditor shall
96.32 levy a tax against the property situated in the dissolved town to pay the indebtedness
96.33 as it becomes due.

96.34 Sec. 46. Minnesota Statutes 2010, section 370.01, is amended to read:

96.35 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

97.1 The boundaries of counties may be changed by taking territory from a county and
97.2 attaching it to an adjoining county, and new counties may be established out of territory of
97.3 one or more existing counties. A new county shall contain at least 400 square miles and
97.4 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated
97.5 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the
97.6 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing
97.7 counties, included in the proposition. The determination of the ~~taxable~~ estimated market
97.8 value of a county must be made by the commissioner of revenue. An existing county shall
97.9 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a
97.10 total ~~taxable~~ estimated market value of less than that required of a new county.

97.11 No change in the boundaries of any county having an area of more than 2,500 square
97.12 miles, whether by the creation of a new county, or otherwise, shall detach from the existing
97.13 county any territory within 12 miles of the county seat.

97.14 Sec. 47. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

97.15 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
97.16 the meanings given.

97.17 (a) "Bonds" means an obligation as defined under section 475.51.

97.18 (b) "Capital improvement" means acquisition or betterment of public lands,
97.19 buildings, or other improvements within the county for the purpose of a county courthouse,
97.20 administrative building, health or social service facility, correctional facility, jail, law
97.21 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and
97.22 bridges, and the acquisition of development rights in the form of conservation easements
97.23 under chapter 84C. An improvement must have an expected useful life of five years or
97.24 more to qualify. "Capital improvement" does not include a recreation or sports facility
97.25 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
97.26 swimming pool, exercise room or health spa), unless the building is part of an outdoor
97.27 park facility and is incidental to the primary purpose of outdoor recreation.

97.28 (c) "Metropolitan county" means a county located in the seven-county metropolitan
97.29 area as defined in section 473.121 or a county with a population of 90,000 or more.

97.30 (d) "Population" means the population established by the most recent of the
97.31 following (determined as of the date the resolution authorizing the bonds was adopted):

97.32 (1) the federal decennial census,

97.33 (2) a special census conducted under contract by the United States Bureau of the
97.34 Census, or

98.1 (3) a population estimate made either by the Metropolitan Council or by the state
98.2 demographer under section 4A.02.

98.3 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
98.4 section 373.43.

98.5 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~
98.6 ~~market value.~~

98.7 Sec. 48. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

98.8 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
98.9 if the maximum amount of principal and interest to become due in any year on all the
98.10 outstanding bonds issued pursuant to this section (including the bonds to be issued) will
98.11 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the
98.12 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for
98.13 the taxes payable year in which the obligations are issued and sold. This section does not
98.14 limit the authority to issue bonds under any other special or general law.

98.15 Sec. 49. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

98.16 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board
98.17 may appropriate from the general revenue fund to any nonprofit corporation a sum not
98.18 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance
98.19 to persons who are unable to afford private legal counsel.

98.20 Sec. 50. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

98.21 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a
98.22 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an
98.23 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the
98.24 approval of a majority of the voters of the county voting on the question of issuing the
98.25 obligation at an election.

98.26 Sec. 51. Minnesota Statutes 2010, section 375.555, is amended to read:

98.27 **375.555 FUNDING.**

98.28 To implement the county emergency jobs program, the county board may expend
98.29 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~
98.30 estimated market value. The money to be expended may be from any available funds
98.31 not otherwise earmarked.

99.1 Sec. 52. Minnesota Statutes 2010, section 383B.152, is amended to read:

99.2 **383B.152 BUILDING AND MAINTENANCE FUND.**

99.3 The county board may by resolution levy a tax to provide money which shall be kept
99.4 in a fund known as the county reserve building and maintenance fund. Money in the fund
99.5 shall be used solely for the construction, maintenance, and equipping of county buildings
99.6 that are constructed or maintained by the board. The levy shall not be subject to any limit
99.7 fixed by any other law or by any board of tax levy or other corresponding body, but shall
99.8 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by
99.9 chapter 475 to be levied in the year for the payment of the principal of and interest on all
99.10 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

99.11 Sec. 53. Minnesota Statutes 2010, section 383B.245, is amended to read:

99.12 **383B.245 LIBRARY LEVY.**

99.13 (a) The county board may levy a tax on the taxable property within the county to
99.14 acquire, better, and construct county library buildings and branches and to pay principal
99.15 and interest on bonds issued for that purpose.

99.16 (b) The county board may by resolution adopted by a five-sevenths vote issue and
99.17 sell general obligation bonds of the county in the manner provided in sections 475.60 to
99.18 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,
99.19 but the maturity years and amounts and interest rates of each series of bonds shall be
99.20 fixed so that the maximum amount of principal and interest to become due in any year,
99.21 on the bonds of that series and of all outstanding series issued by or for the purposes of
99.22 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value
99.23 of all taxable property in the county as last finally equalized before the issuance of the new
99.24 series. When the tax levy authorized in this section is collected it shall be appropriated
99.25 and credited to a debt service fund for the bonds in amounts required each year in lieu of a
99.26 countywide tax levy for the debt service fund under section 475.61.

99.27 Sec. 54. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

99.28 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park
99.29 District as set forth in its annual budget, in lieu of the levies authorized by any other
99.30 special law for such purposes, the Board of Park District Commissioners may levy
99.31 taxes on all the taxable property in the county and park district at a rate not exceeding
99.32 0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before
99.33 October 1 of each year, after public hearing, the Board of Park District Commissioners
99.34 shall adopt a budget for the ensuing year and shall determine the total amount necessary

100.1 to be raised from ad valorem tax levies to meet its budget. The Board of Park District
100.2 Commissioners shall submit the budget to the county board. The county board may veto
100.3 or modify an item contained in the budget. If the county board determines to veto or to
100.4 modify an item in the budget, it must, within 15 days after the budget was submitted by
100.5 the district board, state in writing the specific reasons for its objection to the item vetoed
100.6 or the reason for the modification. The Park District Board, after consideration of the
100.7 county board's objections and proposed modifications, may reapprove a vetoed item or the
100.8 original version of an item with respect to which a modification has been proposed, by a
100.9 two-thirds majority. If the district board does not reapprove a vetoed item, the item shall
100.10 be deleted from the budget. If the district board does not reapprove the original version
100.11 of a modified item, the item shall be included in the budget as modified by the county
100.12 board. After adoption of the final budget and no later than October 1, the superintendent
100.13 of the park district shall certify to the office of the Hennepin County director of tax and
100.14 public records exercising the functions of the county auditor the total amount to be raised
100.15 from ad valorem tax levies to meet its budget for the ensuing year. The director of tax
100.16 and public records shall add the amount of any levy certified by the district to other tax
100.17 levies on the property of the county within the district for collection by the director of tax
100.18 and public records with other taxes. When collected, the director shall make settlement of
100.19 such taxes with the district in the same manner as other taxes are distributed to the other
100.20 political subdivisions in Hennepin County.

100.21 Sec. 55. Minnesota Statutes 2010, section 383E.20, is amended to read:

100.22 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

100.23 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue
100.24 and sell general obligation bonds of the county in the manner provided in chapter 475 to
100.25 acquire, better, and construct county library buildings. The bonds shall not be subject to the
100.26 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest
100.27 rates of each series of bonds shall be fixed so that the maximum amount of principal and
100.28 interest to become due in any year, on the bonds of that series and of all outstanding series
100.29 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent
100.30 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any
100.31 taxable property taxed by any city for the support of any free public library. When the tax
100.32 levy authorized in this section is collected, it shall be appropriated and credited to a debt
100.33 service fund for the bonds. The tax levy for the debt service fund under section 475.61
100.34 shall be reduced by the amount available or reasonably anticipated to be available in the
100.35 fund to make payments otherwise payable from the levy pursuant to section 475.61.

101.1 Sec. 56. Minnesota Statutes 2010, section 383E.23, is amended to read:

101.2 **383E.23 LIBRARY TAX.**

101.3 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~
101.4 estimated market value of taxable property located within the county excluding any
101.5 taxable property taxed by any city for the support of any free public library, to acquire,
101.6 better, and construct county library buildings and to pay principal and interest on bonds
101.7 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits
101.8 on levies provided by section 373.40, or other law.

101.9 Sec. 57. Minnesota Statutes 2010, section 385.31, is amended to read:

101.10 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

101.11 When any order or warrant drawn on the treasurer is presented for payment, if there
101.12 is money in the treasury for that purpose, the county treasurer shall redeem the same, and
101.13 write across the entire face thereof the word "redeemed," the date of the redemption, and
101.14 the treasurer's official signature. If there is not sufficient funds in the proper accounts to
101.15 pay such orders they shall be numbered and registered in their order of presentation,
101.16 and proper endorsement thereof shall be made on such orders and they shall be entitled
101.17 to payment in like order. Such orders shall bear interest at not to exceed the rate of six
101.18 percent per annum from such date of presentment. The treasurer, as soon as there is
101.19 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the
101.20 payment of the orders so presented and registered, and, if entitled to interest, issue to the
101.21 original holder a notice that interest will cease in 30 days from the date of such notice; and,
101.22 if orders thus entitled to priority of payment are not then presented, the next in order of
101.23 registry may be paid until such orders are presented. No interest shall be paid on any order,
101.24 except upon a warrant drawn by the county auditor for that purpose, giving the number
101.25 and the date of the order on account of which the interest warrant is drawn. In any county
101.26 in this state now or hereafter having ~~a~~ an estimated market value of all taxable property;
101.27 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in
101.28 order to save payment of interest on county warrants drawn upon a fund in which there
101.29 shall be temporarily insufficient money in the treasury to redeem the same, may borrow
101.30 temporarily from any other fund in the county treasury in which there is a sufficient balance
101.31 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,
101.32 and may pay such warrants out of such funds. Any such money so transferred and used in
101.33 redeeming such county warrants shall be returned to the fund from which drawn as soon
101.34 as money shall come in to the credit of such fund on which any such warrant was drawn
101.35 and paid as aforesaid. Any county operating on a cash basis may use a combined form of

102.1 warrant or order and check, which, when signed by the chair of the county board and by
102.2 the auditor, is an order or warrant for the payment of the claim, and, when countersigned
102.3 by the county treasurer, is a check for the payment of the amount thereof.

102.4 Sec. 58. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

102.5 Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in
102.6 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land
102.7 or premises existing at the time of the adoption of an official control under this chapter,
102.8 may be continued, although the use or occupation does not conform to the official control.
102.9 If the nonconformity or occupancy is discontinued for a period of more than one year, or
102.10 any nonconforming building or structure is destroyed by fire or other peril to the extent of
102.11 50 percent of its estimated market value, any subsequent use or occupancy of the land or
102.12 premises shall be a conforming use or occupancy.

102.13 Sec. 59. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

102.14 Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall
102.15 give six weeks' published notice in all municipalities in the region. If a number of voters
102.16 in the region equal to five percent of those who voted for candidates for governor at the
102.17 last gubernatorial election present a petition within nine weeks of the first published notice
102.18 to the secretary of state requesting that the matter be submitted to popular vote, it shall be
102.19 submitted at the next general election. The question prepared shall be:

102.20 "Shall the regional rail authority have the power to impose a property tax?

102.21 Yes

102.22 No"

102.23 If a majority of those voting on the question approve or if no petition is presented
102.24 within the prescribed time the authority may levy a tax at any annual rate not exceeding
102.25 0.04835 percent of estimated market value of all taxable property situated within the
102.26 municipality or municipalities named in its organization resolution. Its recording officer
102.27 shall file, on or before September 15, in the office of the county auditor of each county
102.28 in which territory under the jurisdiction of the authority is located a certified copy of the
102.29 board of commissioners' resolution levying the tax, and each county auditor shall assess
102.30 and extend upon the tax rolls of each municipality named in the organization resolution the
102.31 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of
102.32 taxable property in that municipality bears to the net tax capacity of taxable property in
102.33 all municipalities named in the organization resolution. Collections of the tax shall be
102.34 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,

103.1 the amount levied for light rail transit purposes under this subdivision shall not exceed 75
103.2 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

103.3 Sec. 60. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

103.4 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties
103.5 which acquires or constructs and equips or improves facilities under this chapter may,
103.6 with the approval of the board of county commissioners of each county, enter into a
103.7 lease agreement with a city situated within any of the counties, or a county housing and
103.8 redevelopment authority established under chapter 469 or any special law. Under the lease
103.9 agreement, the city or county housing and redevelopment authority shall:

103.10 (1) construct or acquire and equip or improve a facility in accordance with plans
103.11 prepared by or at the request of a county or joint powers board of the group of counties
103.12 and approved by the commissioner of corrections; and

103.13 (2) finance the facility by the issuance of revenue bonds.

103.14 (b) The county or joint powers board of a group of counties may lease the facility
103.15 site, improvements, and equipment for a term upon rental sufficient to produce revenue
103.16 for the prompt payment of the revenue bonds and all interest accruing on them. Upon
103.17 completion of payment, the lessee shall acquire title. The real and personal property
103.18 acquired for the facility constitutes a project and the lease agreement constitutes a revenue
103.19 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or
103.20 county housing and redevelopment authority and the county or joint powers board shall be
103.21 as provided in sections 469.152 to 469.165, with the following adjustments:

103.22 (1) no tax may be imposed upon the property;

103.23 (2) the approval of the project by the commissioner of employment and economic
103.24 development is not required;

103.25 (3) the Department of Corrections shall be furnished and shall record information
103.26 concerning each project as it may prescribe, in lieu of reports required on other projects to
103.27 the commissioner of employment and economic development;

103.28 (4) the rentals required to be paid under the lease agreement shall not exceed in any
103.29 year one-tenth of one percent of the estimated market value of property within the county
103.30 or group of counties as last equalized before the execution of the lease agreement;

103.31 (5) the county or group of counties shall provide for payment of all rentals due
103.32 during the term of the lease agreement in the manner required in subdivision 4;

103.33 (6) no mortgage on the facilities shall be granted for the security of the bonds, but
103.34 compliance with clause (5) may be enforced as a nondiscretionary duty of the county
103.35 or group of counties; and

104.1 (7) the county or the joint powers board of the group of counties may sublease any
104.2 part of the facilities for purposes consistent with their maintenance and operation.

104.3 Sec. 61. Minnesota Statutes 2010, section 410.32, is amended to read:

104.4 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

104.5 (a) Notwithstanding any contrary provision of other law or charter, a home rule
104.6 charter city may, by resolution and without public referendum, issue capital notes subject
104.7 to the city debt limit to purchase capital equipment.

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

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

104.11 (2) computer hardware and software, whether bundled with machinery or equipment
104.12 or unbundled.

104.13 (c) The equipment or software must have an expected useful life at least as long
104.14 as the term of the notes.

104.15 (d) The notes shall be payable in not more than ten years and be issued on terms
104.16 and in the manner the city determines. The total principal amount of the capital notes
104.17 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of
104.18 taxable property in the city for that year.

104.19 (e) A tax levy shall be made for the payment of the principal and interest on the
104.20 notes, in accordance with section 475.61, as in the case of bonds.

104.21 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
104.22 the governing body of the city.

104.23 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
104.24 city may also issue capital notes subject to its debt limit in the manner and subject to the
104.25 limitations applicable to statutory cities pursuant to section 412.301.

104.26 Sec. 62. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

104.27 Subd. 2. **Contracts.** The council shall have power to make such contracts as may
104.28 be deemed necessary or desirable to make effective any power possessed by the council.
104.29 The city may purchase personal property through a conditional sales contract and real
104.30 property through a contract for deed under which contracts the seller is confined to the
104.31 remedy of recovery of the property in case of nonpayment of all or part of the purchase
104.32 price, which shall be payable over a period of not to exceed five years. When the contract
104.33 price of property to be purchased by contract for deed or conditional sales contract
104.34 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter

105.1 into such a contract for at least ten days after publication in the official newspaper of a
105.2 council resolution determining to purchase property by such a contract; and, if before the
105.3 end of that time a petition asking for an election on the proposition signed by voters equal
105.4 to ten percent of the number of voters at the last regular city election is filed with the clerk,
105.5 the city may not enter into such a contract until the proposition has been approved by a
105.6 majority of the votes cast on the question at a regular or special election.

105.7 Sec. 63. Minnesota Statutes 2010, section 412.301, is amended to read:

105.8 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

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

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

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

105.14 (2) computer hardware and software, whether bundled with machinery or equipment
105.15 or unbundled.

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

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

105.20 (e) If the amount of the certificates or notes to be issued to finance any such purchase
105.21 exceeds 0.25 percent of the estimated market value of taxable property in the city, they
105.22 shall not be issued for at least ten days after publication in the official newspaper of
105.23 a council resolution determining to issue them; and if before the end of that time, a
105.24 petition asking for an election on the proposition signed by voters equal to ten percent
105.25 of the number of voters at the last regular municipal election is filed with the clerk, such
105.26 certificates or notes shall not be issued until the proposition of their issuance has been
105.27 approved by a majority of the votes cast on the question at a regular or special election.

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

105.30 Sec. 64. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

105.31 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance
105.32 establishing a special service district. Only property that is classified under section 273.13
105.33 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or
105.34 designated on a land use plan for commercial or industrial use and located in the special

106.1 service district, may be subject to the charges imposed by the city on the special service
106.2 district. Other types of property may be included within the boundaries of the special
106.3 service district but are not subject to the levies or charges imposed by the city on the
106.4 special service district. If 50 percent or more of the estimated market value of a parcel of
106.5 property is classified under section 273.13 as commercial, industrial, or vacant land zoned
106.6 or designated on a land use plan for commercial or industrial use, or public utility for the
106.7 current assessment year, then the entire taxable market value of the property is subject to a
106.8 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.
106.9 The ordinance shall describe with particularity the area within the city to be included in
106.10 the district and the special services to be furnished in the district. The ordinance may not
106.11 be adopted until after a public hearing has been held on the question. Notice of the hearing
106.12 shall include the time and place of hearing, a map showing the boundaries of the proposed
106.13 district, and a statement that all persons owning property in the proposed district that
106.14 would be subject to a service charge will be given opportunity to be heard at the hearing.
106.15 Within 30 days after adoption of the ordinance under this subdivision, the governing body
106.16 shall send a copy of the ordinance to the commissioner of revenue.

106.17 Sec. 65. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

106.18 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive
106.19 and consider the estimate required in subdivision 1 and the items of cost after notice and
106.20 hearing before it or its appropriate committee as it considers necessary or expedient,
106.21 and shall approve the estimate, with necessary amendments. The amounts of each item
106.22 of cost estimated are then appropriated to operate, maintain, and improve the pedestrian
106.23 mall during the next fiscal year. The amount of the special tax to be charged under
106.24 subdivision 1, clause (3), must not, however, exceed 0.12089 percent of estimated market
106.25 value of taxable property in the district. The council shall make any necessary adjustment
106.26 in costs of operating and maintaining the district to keep the amount of the tax within
106.27 this limitation.

106.28 Sec. 66. Minnesota Statutes 2010, section 447.10, is amended to read:

106.29 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

106.30 The governing body of a city of the first class owning a hospital may annually levy
106.31 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of
106.32 ~~taxable~~ estimated market value.

107.1 Sec. 67. Minnesota Statutes 2010, section 450.19, is amended to read:

107.2 **450.19 TOURIST CAMPING GROUNDS.**

107.3 A home rule charter or statutory city or town may establish and maintain public
107.4 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or
107.5 gift, suitable lands located either within or without the corporate limits for use as public
107.6 tourist camping grounds and provide for the equipment, operation, and maintenance
107.7 of the same. The amount that may be expended for the maintenance, improvement, or
107.8 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806
107.9 percent of ~~taxable~~ estimated market value.

107.10 Sec. 68. Minnesota Statutes 2010, section 450.25, is amended to read:

107.11 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**
107.12 **LEVY.**

107.13 After the acquisition of any museum, gallery, or school of arts or crafts, the board
107.14 of park commissioners of the city in which it is located shall cause to be included in the
107.15 annual tax levy upon all the taxable property of the county in which the museum, gallery,
107.16 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.
107.17 The board shall certify the levy to the county auditor and it shall be added to, and collected
107.18 with and as part of, the general, real, and personal property taxes, with like penalties and
107.19 interest, in case of nonpayment and default, and all provisions of law in respect to the
107.20 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in
107.21 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be
107.22 paid to the city treasurer of the city in which is located the museum, gallery, or school
107.23 of arts or crafts and credited to a fund to be known as the park museum fund, and shall
107.24 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the
107.25 proceeds of the levy not expended for the purposes specified in section 450.24 may be
107.26 used for the erection of new buildings for the same purposes.

107.27 Sec. 69. Minnesota Statutes 2010, section 458A.10, is amended to read:

107.28 **458A.10 PROPERTY TAX.**

107.29 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated
107.30 market value on all the taxable property in the transit area at a rate sufficient to produce
107.31 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the
107.32 payment of principal and interest due on any revenue bonds issued pursuant to section
107.33 458A.05. Property taxes levied under this section shall be certified by the commission to

108.1 the county auditors of the transit area, extended, assessed, and collected in the manner
108.2 provided by law for the property taxes levied by the governing bodies of cities. The
108.3 proceeds of the taxes levied under this section shall be remitted by the respective county
108.4 treasurers to the treasurer of the commission, who shall credit the same to the funds of
108.5 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any
108.6 applicable pledges or limitations on account of tax anticipation certificates or other
108.7 specific purposes. At any time after making a tax levy under this section and certifying
108.8 it to the county auditors, the commission may issue general obligation certificates of
108.9 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

108.10 Sec. 70. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

108.11 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in
108.12 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,
108.13 limiting the amount levied in any one year for general or special purposes, the city council
108.14 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253
108.15 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy
108.16 shall take effect immediately upon its passage and approval. The proceeds of the levy
108.17 shall be paid into the city treasury and deposited in the operating fund provided for in
108.18 section 458A.24, subdivision 3.

108.19 Sec. 71. Minnesota Statutes 2010, section 465.04, is amended to read:

108.20 **465.04 ACCEPTANCE OF GIFTS.**

108.21 Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated
108.22 market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially
108.23 equalized by the commissioner of revenue, either under home rule charter or under the
108.24 laws of this state, in addition to all other powers possessed by them, hereby are authorized
108.25 and empowered to receive and accept gifts and donations for the use and benefit of
108.26 such cities and the inhabitants thereof upon terms and conditions to be approved by the
108.27 governing bodies of such cities; and such cities are authorized to comply with and perform
108.28 such terms and conditions, which may include payment to the donor or donors of interest
108.29 on the value of the gift at not exceeding five percent per annum payable annually or
108.30 semiannually, during the remainder of the natural life or lives of such donor or donors.

108.31 Sec. 72. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

108.32 Subd. 6. **Operation area as taxing district, special tax.** All of the territory
108.33 included within the area of operation of any authority shall constitute a taxing district for

109.1 the purpose of levying and collecting special benefit taxes as provided in this subdivision.
109.2 All of the taxable property, both real and personal, within that taxing district shall be
109.3 deemed to be benefited by projects to the extent of the special taxes levied under this
109.4 subdivision. Subject to the consent by resolution of the governing body of the city in and
109.5 for which it was created, an authority may levy a tax upon all taxable property within that
109.6 taxing district. The tax shall be extended, spread, and included with and as a part of
109.7 the general taxes for state, county, and municipal purposes by the county auditor, to be
109.8 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,
109.9 including any penalties, interest, and costs, is collected by the county treasurer it shall be
109.10 accumulated and kept in a separate fund to be known as the "housing and redevelopment
109.11 project fund." The money in the fund shall be turned over to the authority at the same time
109.12 and in the same manner that the tax collections for the city are turned over to the city, and
109.13 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid
109.14 out upon vouchers signed by the chair of the authority or an authorized representative.
109.15 The amount of the levy shall be an amount approved by the governing body of the city, but
109.16 shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall
109.17 each year formulate and file a budget in accordance with the budget procedure of the city
109.18 in the same manner as required of executive departments of the city or, if no budgets are
109.19 required to be filed, by August 1. The amount of the tax levy for the following year shall
109.20 be based on that budget.

109.21 Sec. 73. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

109.22 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
109.23 general obligation of the general jurisdiction governmental unit as additional security for
109.24 bonds payable from income or revenues of the project or the authority. The authority
109.25 must find that the pledged revenues will equal or exceed 110 percent of the principal and
109.26 interest due on the bonds for each year. The proceeds of the bonds must be used for a
109.27 qualified housing development project or projects. The obligations must be issued and
109.28 sold in the manner and following the procedures provided by chapter 475, except the
109.29 obligations are not subject to approval by the electors, and the maturities may extend to
109.30 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
109.31 for other obligations issued under this subdivision. The authority is the municipality for
109.32 purposes of chapter 475.

109.33 (b) The principal amount of the issue must be approved by the governing body of
109.34 the general jurisdiction governmental unit whose general obligation is pledged. Public
109.35 hearings must be held on issuance of the obligations by both the authority and the general

110.1 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
110.2 than 120 days, before the sale of the obligations.

110.3 (c) The maximum amount of general obligation bonds that may be issued and
110.4 outstanding under this section equals the greater of (1) one-half of one percent of the
110.5 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose
110.6 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty
110.7 general obligation bonds, the outstanding general obligation bonds of all cities in the
110.8 county or counties issued under this subdivision must be added in calculating the limit
110.9 under clause (1).

110.10 (d) "General jurisdiction governmental unit" means the city in which the housing
110.11 development project is located. In the case of a county or multicounty authority, the
110.12 county or counties may act as the general jurisdiction governmental unit. In the case of
110.13 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
110.14 taxable property in each of the counties.

110.15 (e) "Qualified housing development project" means a housing development project
110.16 providing housing either for the elderly or for individuals and families with incomes not
110.17 greater than 80 percent of the median family income as estimated by the United States
110.18 Department of Housing and Urban Development for the standard metropolitan statistical
110.19 area or the nonmetropolitan county in which the project is located. The project must be
110.20 owned for the term of the bonds either by the authority or by a limited partnership or other
110.21 entity in which the authority or another entity under the sole control of the authority is
110.22 the sole general partner and the partnership or other entity must receive (1) an allocation
110.23 from the Department of Management and Budget or an entitlement issuer of tax-exempt
110.24 bonding authority for the project and a preliminary determination by the Minnesota
110.25 Housing Finance Agency or the applicable suballocator of tax credits that the project
110.26 will qualify for four percent low-income housing tax credits or (2) a reservation of nine
110.27 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a
110.28 suballocator of tax credits for the project. A qualified housing development project may
110.29 admit nonelderly individuals and families with higher incomes if:

110.30 (1) three years have passed since initial occupancy;

110.31 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
110.32 insufficient revenues, because of changes in population or other unforeseen circumstances
110.33 that occurred after the initial finding of adequate revenues; and

110.34 (3) the authority finds a tax levy or payment from general assets of the general
110.35 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
110.36 income individuals or families are not admitted.

111.1 (f) The authority may issue bonds to refund bonds issued under this subdivision in
111.2 accordance with section 475.67. The finding of the adequacy of pledged revenues required
111.3 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
111.4 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
111.5 after July 1, 1992.

111.6 Sec. 74. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

111.7 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy
111.8 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813
111.9 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city
111.10 treasurer to the treasurer of the port authority, to be spent by the authority.

111.11 Sec. 75. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

111.12 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall
111.13 replace the mandatory city levy under subdivision 4. A seaway port authority is a special
111.14 taxing district under section 275.066 and may levy a tax in any year for the benefit of the
111.15 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated
111.16 market value. The county auditor shall distribute the proceeds of the property tax levy to
111.17 the seaway port authority.

111.18 Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

111.19 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port
111.20 authority's city may levy a tax to be spent by and for its port authority. The tax must
111.21 enable the port authority to carry out efficiently and in the public interest sections 469.048
111.22 to 469.068 to create and develop industrial development districts. The levy must not be
111.23 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall
111.24 pay the proceeds of the tax to the port authority treasurer. The money may be spent by
111.25 the authority in performance of its duties to create and develop industrial development
111.26 districts. In spending the money the authority must judge what best serves the public
111.27 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

111.28 Sec. 77. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

111.29 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in
111.30 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of
111.31 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to
111.32 the treasurer of the authority, to be spent by the authority.

112.1 Sec. 78. Minnesota Statutes 2010, section 469.177, subdivision 1, is amended to read:

112.2 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax
112.3 increment financing plan, the auditor of any county in which the district is situated shall,
112.4 upon request of the authority, certify the original net tax capacity of the tax increment
112.5 financing district and that portion of the district overlying any subdistrict as described in
112.6 the tax increment financing plan and shall certify in each year thereafter the amount by
112.7 which the original net tax capacity has increased or decreased as a result of a change in tax
112.8 exempt status of property within the district and any subdistrict, reduction or enlargement
112.9 of the district or changes pursuant to subdivision 4. The auditor shall certify the amount
112.10 within 30 days after receipt of the request and sufficient information to identify the parcels
112.11 included in the district. The certification relates to the taxes payable year as provided in
112.12 subdivision 6.

112.13 (b) If the classification under section 273.13 of property located in a district changes
112.14 to a classification that has a different assessment ratio, the original net tax capacity of that
112.15 property must be redetermined at the time when its use is changed as if the property had
112.16 originally been classified in the same class in which it is classified after its use is changed.

112.17 (c) The amount to be added to the original net tax capacity of the district as a result
112.18 of previously tax exempt real property within the district becoming taxable equals the net
112.19 tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if
112.20 that assessment was made more than one year prior to the date of title transfer rendering
112.21 the property taxable, the net tax capacity assessed by the assessor at the time of the
112.22 transfer. If improvements are made to tax exempt property after the municipality approves
112.23 the district and before the parcel becomes taxable, the assessor shall, at the request of
112.24 the authority, separately assess the estimated market value of the improvements. If the
112.25 property becomes taxable, the county auditor shall add to original net tax capacity, the net
112.26 tax capacity of the parcel, excluding the separately assessed improvements. If substantial
112.27 taxable improvements were made to a parcel after certification of the district and if the
112.28 property later becomes tax exempt, in whole or part, as a result of the authority acquiring
112.29 the property through foreclosure or exercise of remedies under a lease or other revenue
112.30 agreement or as a result of tax forfeiture, the amount to be added to the original net tax
112.31 capacity of the district as a result of the property again becoming taxable is the amount
112.32 of the parcel's value that was included in original net tax capacity when the parcel was
112.33 first certified. The amount to be added to the original net tax capacity of the district as a
112.34 result of enlargements equals the net tax capacity of the added real property as most
112.35 recently certified by the commissioner of revenue as of the date of modification of the tax
112.36 increment financing plan pursuant to section 469.175, subdivision 4.

113.1 (d) If the net tax capacity of a property increases because the property no longer
113.2 qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the
113.3 Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan
113.4 Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is
113.5 improved or market value is increased after approval of the plat under section 273.11,
113.6 subdivision ~~14~~, 14a, or 14b, the increase in net tax capacity must be added to the original
113.7 net tax capacity. If the net tax capacity of a property increases because the property
113.8 no longer qualifies for the homestead market value exclusion under section 273.13,
113.9 subdivision 35, the increase in net tax capacity must be added to the original net tax
113.10 capacity if the original construction of the affected home was completed before the date
113.11 the assessor certified the original net tax capacity of the district.

113.12 (e) The amount to be subtracted from the original net tax capacity of the district as a
113.13 result of previously taxable real property within the district becoming tax exempt or
113.14 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
113.15 the geographic area of the district, shall be the amount of original net tax capacity initially
113.16 attributed to the property becoming tax exempt, being excluded from taxable market
113.17 value, or being removed from the district. If the net tax capacity of property located within
113.18 the tax increment financing district is reduced by reason of a court-ordered abatement,
113.19 stipulation agreement, voluntary abatement made by the assessor or auditor or by order
113.20 of the commissioner of revenue, the reduction shall be applied to the original net tax
113.21 capacity of the district when the property upon which the abatement is made has not been
113.22 improved since the date of certification of the district and to the captured net tax capacity
113.23 of the district in each year thereafter when the abatement relates to improvements made
113.24 after the date of certification. The county auditor may specify reasonable form and content
113.25 of the request for certification of the authority and any modification thereof pursuant to
113.26 section 469.175, subdivision 4.

113.27 (f) If a parcel of property contained a substandard building or improvements
113.28 described in section 469.174, subdivision 10, paragraph (e), that were demolished or
113.29 removed and if the authority elects to treat the parcel as occupied by a substandard
113.30 building under section 469.174, subdivision 10, paragraph (b), or by improvements under
113.31 section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax
113.32 capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or
113.33 (2) the estimated market value of the parcel for the year in which the building or other
113.34 improvements were demolished or removed, but applying the class rates for the current
113.35 year.

114.1 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,
114.2 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of
114.3 the land as the original tax capacity for any parcel in the district that contains a building
114.4 that suffered substantial damage as a result of the disaster or emergency.

114.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
114.6 and applies to all districts, regardless of when the request for certification was made, and
114.7 to computation of increment beginning with taxes payable in 2013, provided that the
114.8 adjustments to original tax capacity required by this section apply only to exclusions
114.9 that reduced taxable market value beginning with taxes payable in 2012 or thereafter,
114.10 regardless of when the law authorizing the exclusions became effective.

114.11 Sec. 79. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

114.12 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may
114.13 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080
114.14 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

114.15 Sec. 80. Minnesota Statutes 2010, section 469.187, is amended to read:

114.16 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**
114.17 **BOARD.**

114.18 Any city of the first class may expend money for city publicity purposes. The city
114.19 may levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The
114.20 proceeds of the levy shall be expended in the manner and for the city publicity purposes
114.21 the council directs. The council may establish and provide for a publicity board or bureau
114.22 to administer the fund, subject to the conditions and limitations the council prescribes
114.23 by ordinance.

114.24 Sec. 81. Minnesota Statutes 2010, section 469.206, is amended to read:

114.25 **469.206 HAZARDOUS PROPERTY PENALTY.**

114.26 A city may assess a penalty up to one percent of the estimated market value of
114.27 real property, including any building located within the city that the city determines to
114.28 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written
114.29 notice to the address to which the property tax statement is sent at least 90 days before it
114.30 may assess the penalty. If the owner of the property has not paid the penalty or fixed the
114.31 property within 90 days after receiving notice of the penalty, the penalty is considered
114.32 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the

115.1 property remains hazardous. For the purposes of this section, a penalty that is delinquent
115.2 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the
115.3 same manner as delinquent property taxes.

115.4 Sec. 82. Minnesota Statutes 2010, section 471.24, is amended to read:

115.5 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**
115.6 **CEMETERY.**

115.7 Where a statutory city or town owns and maintains an established cemetery or burial
115.8 ground, either within or without the municipal limits, the statutory city or town may, by
115.9 mutual agreement with contiguous statutory cities and towns, each having ~~a~~ an estimated
115.10 market value of not less than \$2,000,000, join together in the maintenance of such public
115.11 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and
115.12 each such municipality is hereby authorized, by action of its council or governing body,
115.13 to levy a tax or make an appropriation for the annual support and maintenance of such
115.14 cemetery or burial ground; provided, the amount thus appropriated by each municipality
115.15 shall not exceed a total of \$10,000 in any one year.

115.16 Sec. 83. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

115.17 Subdivision 1. **Application.** This section applies to each city in which the net tax
115.18 capacity of real and personal property consists in part of iron ore or lands containing
115.19 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real
115.20 and personal property exceeds \$2,500,000.

115.21 Sec. 84. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

115.22 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a
115.23 permanent improvement and replacement fund to be maintained by an annual tax levy.
115.24 The governing body may levy a tax in excess of any charter limitation for the support of
115.25 the permanent improvement and replacement fund, but not exceeding the following:

115.26 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20
115.27 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

115.28 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the
115.29 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~
115.30 estimated market value;

115.31 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,
115.32 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~
115.33 estimated market value.

116.1 Sec. 85. Minnesota Statutes 2010, section 471.73, is amended to read:

116.2 **471.73 ACCEPTANCE OF PROVISIONS.**

116.3 In the case of any city within the class specified in section 471.72 having ~~a~~ an
116.4 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the
116.5 case of any statutory city within such class having ~~a~~ an estimated market value, ~~as defined~~
116.6 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such
116.7 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in
116.8 the case of any statutory city within such class which is governed by Laws 1929, chapter
116.9 208, and has ~~a~~ an estimated market value of less than \$83,000,000; and in the case of
116.10 any school district within such class having ~~a~~ an estimated market value, ~~as defined in~~
116.11 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;
116.12 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the
116.13 board of the school district, or the town board of the town shall have adopted a resolution
116.14 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go
116.15 upon a cash basis in accordance with the provisions thereof.

116.16 Sec. 86. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

116.17 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and
116.18 issue the bonds in the manner provided in chapter 475, and shall have the same powers
116.19 and duties as a municipality issuing bonds under that law, except that the approval of a
116.20 majority of the electors shall not be required and the net debt limitations shall not apply.
116.21 The terms of each series of bonds shall be fixed so that the amount of principal and interest
116.22 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,
116.23 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable
116.24 property in the metropolitan area as last finally equalized prior to a proposed issue. The
116.25 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes
116.26 required for their payment shall be levied by the council, shall not affect the amount or rate
116.27 of taxes which may be levied by the council for other purposes, shall be spread against all
116.28 taxable property in the metropolitan area and shall not be subject to limitation as to rate or
116.29 amount. Any taxes certified by the council to the county auditors for collection shall be
116.30 reduced by the amount received by the council from the commissioner of management and
116.31 budget or the federal government for the purpose of paying the principal and interest on
116.32 bonds to which the levy relates. The council shall certify the fact and amount of all money
116.33 so received to the county auditors, and the auditors shall reduce the levies previously made
116.34 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

117.1 Sec. 87. Minnesota Statutes 2010, section 473.629, is amended to read:

117.2 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**
117.3 **DISTRICTS.**

117.4 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~
117.5 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market
117.6 value of such the detached lands and ~~the net tax capacity of taxable properties now located~~
117.7 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute
117.8 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of
117.9 properties upon the basis of which such used to calculate the net debt limit of the school
117.10 district may issue its bonds. The value of such the lands for such purpose to be and other
117.11 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of
117.12 the estimated market value thereof as determined and certified by said the assessor to said
117.13 the school district, and it shall be the duty of such the assessor annually on or before the
117.14 tenth day of October from and after the passage hereof, to so of each year, shall determine
117.15 and certify that value; provided, however, that the value of such the detached lands and
117.16 such taxable properties shall never exceed 20 percent of the estimated market value of
117.17 all properties constituting and making up the basis aforesaid used to calculate the net
117.18 debt limit of the school district.

117.19 Sec. 88. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

117.20 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this
117.21 section, the amount included for operation and maintenance shall not exceed an amount
117.22 which, when extended against the property taxable therefor under section 473.621,
117.23 subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value.
117.24 Taxes levied by the corporation shall not affect the amount or rate of taxes which may
117.25 be levied by any other local government unit within the metropolitan area under the
117.26 provisions of any charter.

117.27 Sec. 89. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

117.28 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from
117.29 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property
117.30 within its taxing jurisdiction, in addition to any levies found necessary for the debt
117.31 service fund authorized by section 473.671. Nothing herein shall prevent the levy and
117.32 appropriation for purposes of the commission of any other tax on property or on any
117.33 income, transaction, or privilege, when and if authorized by law. All collections of any
117.34 taxes so levied shall be included in the revenues appropriated for the purposes referred

118.1 to in this section, unless otherwise provided in the law authorizing the levies; but no
118.2 covenant as to the continuance or as to the rate and amount of any such levy shall be made
118.3 with the holders of the commission's bonds unless specifically authorized by law.

118.4 Sec. 90. Minnesota Statutes 2010, section 473.671, is amended to read:

118.5 **473.671 LIMIT OF TAX LEVY.**

118.6 The taxes levied against the property of the metropolitan area in any one year shall
118.7 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied
118.8 to pay the principal or interest on any bonds or indebtedness of the city issued under
118.9 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for
118.10 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter
118.11 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the
118.12 maximum rate allowed to be levied to defray the cost of government under the provisions
118.13 of the charter of any city affected by Laws 1943, chapter 500.

118.14 Sec. 91. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

118.15 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in
118.16 the district as defined in section 473.702 to provide funds for the purposes of sections
118.17 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined
118.18 in this subdivision. A participating county may agree to levy an additional tax to be used
118.19 by the commission for the purposes of sections 473.701 to 473.716 but the sum of the
118.20 county's and commission's taxes may not exceed the county's proportionate share of
118.21 the property tax levy limitation determined under this subdivision based on the ratio of
118.22 its total net tax capacity to the total net tax capacity of the entire district as adjusted by
118.23 section 270.12, subdivision 3. The auditor of each county in the district shall add the
118.24 amount of the levy made by the district to other taxes of the county for collection by
118.25 the county treasurer with other taxes. When collected, the county treasurer shall make
118.26 settlement of the tax with the district in the same manner as other taxes are distributed
118.27 to political subdivisions. No county shall levy any tax for mosquito, disease vectoring
118.28 tick, and black gnat (*Simuliidae*) control except under this section. The levy shall be in
118.29 addition to other taxes authorized by law.

118.30 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall
118.31 not exceed the product of (i) the commission's property tax levy limitation for the previous
118.32 year determined under this subdivision multiplied by (ii) an index for market valuation
118.33 changes equal to the total estimated market ~~valuation~~ value of all taxable property for the
118.34 current tax payable year located within the district plus any area that has been added to the

119.1 district since the previous year, divided by the total estimated market valuation value of all
119.2 taxable property located within the district for the previous taxes payable year.

119.3 ~~(e) For the purpose of determining the commissioner's property tax levy limitation~~
119.4 ~~under this subdivision, "total market valuation" means the total market valuation of all~~
119.5 ~~taxable property within the district without valuation adjustments for fiscal disparities~~
119.6 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~
119.7 ~~transmission lines (section 273.425).~~

119.8 Sec. 92. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

119.9 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal
119.10 property within a municipality means the ~~assessor's estimated~~ taxable market value,
119.11 as defined in section 272.03, of all real and personal property, including the value of
119.12 manufactured housing, within the municipality, adjusted for sales ratios in a manner
119.13 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~
119.14 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~
119.15 ~~determinations and reports with respect to each municipality which are comparable to~~
119.16 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~
119.17 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~
119.18 ~~of revenue shall annually determine, for each municipality, information comparable to~~
119.19 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~
119.20 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~
119.21 ~~market value of property within each municipality using the aggregate sales ratios from~~
119.22 ~~the Department of Revenue's sales ratio study.~~

119.23 Sec. 93. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

119.24 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
119.25 adjusted market value, determined as of January 2 of any year, divided by its population,
119.26 determined as of a date in the same year.

119.27 Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

119.28 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
119.29 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
119.30 as of January 2 of any year, divided by the sum of their populations, determined as of
119.31 a date in the same year.

119.32 Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

120.1 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of
120.2 real and personal property multiplied by its net tax capacity rates in section 273.13.

120.3 Sec. 96. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

120.4 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this
120.5 section if the maximum amount of principal and interest to become due in any year on
120.6 all the outstanding bonds issued under this section, including the bonds to be issued,
120.7 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property
120.8 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated
120.9 market value for the taxes payable year in which the obligations are issued and sold. In
120.10 the case of a municipality with a population of 2,500 or more, the bonds are subject to
120.11 the net debt limits under section 475.53. In the case of a shared facility in which more
120.12 than one municipality participates, upon compliance by each participating municipality
120.13 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
120.14 represented by the bonds shall be allocated to each participating municipality in proportion
120.15 to its required financial contribution to the financing of the shared facility, as set forth in
120.16 the joint powers agreement relating to the shared facility. This section does not limit the
120.17 authority to issue bonds under any other special or general law.

120.18 Sec. 97. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

120.19 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to
120.20 475.74, no municipality, except a school district or a city of the first class, shall incur or be
120.21 subject to a net debt in excess of three percent of the estimated market value of taxable
120.22 property in the municipality.

120.23 Sec. 98. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

120.24 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of
120.25 the first class may not incur a net debt in excess of two percent of the estimated market
120.26 value of all taxable property therein. If the charter of the city permits a net debt of the city
120.27 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3
120.28 percent of the estimated market value of the taxable property therein.

120.29 The county auditor, at the time of preparing the tax list of the city, shall compile a
120.30 statement setting forth the total net tax capacity and the total estimated market value of
120.31 each class of taxable property in such city for such year.

120.32 Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

121.1 Subd. 4. **School districts.** Except as otherwise provided by law, no school district
121.2 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value
121.3 of all taxable property situated within its corporate limits, as computed in accordance with
121.4 this subdivision. The county auditor of each county containing taxable real or personal
121.5 property situated within any school district shall certify to the district upon request the
121.6 estimated market value of all such property. Whenever the commissioner of revenue, in
121.7 accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax~~
121.8 ~~capacity of any district furnished by county auditors is not based upon the~~ adjusted market
121.9 value of taxable property in the district exceeds the estimated market value of property
121.10 within the district, the commissioner of revenue shall certify to the district upon request
121.11 the ratio most recently ascertained to exist between ~~such~~ the estimated market value and
121.12 the ~~actual~~ adjusted market value of property within the district, ~~and the actual market~~
121.13 ~~value of property within a district, on which its debt limit under this subdivision is~~ will
121.14 be based, is (a) the value certified by the county auditors, or (b) this on the estimated
121.15 market value divided by the ratio certified by the commissioner of revenue, ~~whichever~~
121.16 ~~results in a higher value.~~

121.17 Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 5, is amended to read:

121.18 Subd. 5. **Certain independent school districts.** No independent school district
121.19 located wholly or partly within a city of the first class shall issue obligations with a term
121.20 of more than two years, whenever the aggregate of the outstanding obligations of the
121.21 district equals or exceeds 0.7 percent of the estimated market value of the taxable property
121.22 within the school district.

121.23 Sec. 101. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

121.24 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose
121.25 outstanding gross debt, including all items referred to in section 475.51, subdivision
121.26 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under
121.27 this subdivision for the purpose of funding or refunding such indebtedness or any part
121.28 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the
121.29 recording officer and treasurer and filed in the office of the recording officer. The initial
121.30 resolution of the governing body shall refer to this subdivision as authority for the issue,
121.31 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or
121.32 refunded. This resolution shall be published once each week for two successive weeks
121.33 in a legal newspaper published in the municipality or if there be no such newspaper, in
121.34 a legal newspaper published in the county seat. Such bonds may be issued without the

122.1 submission of the question of their issue to the electors unless within ten days after the
122.2 second publication of the resolution a petition requesting such election signed by ten or
122.3 more voters who are taxpayers of the municipality, shall be filed with the recording officer.
122.4 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a
122.5 majority of the electors voting on the question.

122.6 Sec. 102. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

122.7 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the
122.8 provisions of section 475.60 may be purchased by the State Board of Investment if the
122.9 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of
122.10 the attorney general as to form and execution of the application therefor, and under rules
122.11 as the board may specify, and the state board shall have authority to purchase the same
122.12 to an amount not exceeding 3.63 percent of the estimated market value of the taxable
122.13 property of the municipality, according to the last preceding assessment. The obligations
122.14 shall not run for a shorter period than one year, nor for a longer period than 30 years and
122.15 shall bear interest at a rate to be fixed by the state board but not less than two percent per
122.16 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by
122.17 virtue thereof, the commissioner of management and budget shall certify to the respective
122.18 auditors of the various counties wherein are situated the municipalities issuing the same,
122.19 the number, denomination, amount, rate of interest and date of maturity of each obligation.

122.20 Sec. 103. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20,
122.21 is amended to read:

122.22 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~
122.23 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~
122.24 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~
122.25 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~
122.26 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~
122.27 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~
122.28 ~~to that for which aids are being calculated. The market value utilized in computing city~~
122.29 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~
122.30 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~
122.31 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~
122.32 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~
122.33 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~
122.34 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~

123.1 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~
123.2 ~~the city's adjusted net tax capacity under section 273.1325.~~

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

123.4 Sec. 104. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to
123.5 read:

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

123.8 (b) "County program aid" means the sum of "county need aid," "county tax base
123.9 equalization aid," and "county transition aid."

123.10 (c) "Age-adjusted population" means a county's population multiplied by the county
123.11 age index.

123.12 (d) "County age index" means the percentage of the population over age 65 within
123.13 the county divided by the percentage of the population over age 65 within the state, except
123.14 that the age index for any county may not be greater than 1.8 nor less than 0.8.

123.15 (e) "Population over age 65" means the population over age 65 established as of
123.16 July 15 in an aid calculation year by the most recent federal census, by a special census
123.17 conducted under contract with the United States Bureau of the Census, by a population
123.18 estimate made by the Metropolitan Council, or by a population estimate of the state
123.19 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated
123.20 date of the count or estimate for the preceding calendar year and which has been certified
123.21 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision
123.22 to an estimate or count is effective for these purposes only if certified to the commissioner
123.23 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of
123.24 estimates and counts established as of July 15 in the aid calculation year are subject to
123.25 correction within the time periods allowed under section 477A.014.

123.26 (f) "Part I crimes" means the three-year average annual number of Part I crimes
123.27 reported for each county by the Department of Public Safety for the most recent years
123.28 available. By July 1 of each year, the commissioner of public safety shall certify to the
123.29 commissioner of revenue the number of Part I crimes reported for each county for the
123.30 three most recent calendar years available.

123.31 (g) "Households receiving food stamps" means the average monthly number of
123.32 households receiving food stamps for the three most recent years for which data is
123.33 available. By July 1 of each year, the commissioner of human services must certify to the
123.34 commissioner of revenue the average monthly number of households in the state and in
123.35 each county that receive food stamps, for the three most recent calendar years available.

124.1 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~
124.2 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's
124.3 adjusted net tax capacity under section 273.1325.

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

124.5 Sec. 105. Minnesota Statutes 2010, section 641.23, is amended to read:

124.6 **641.23 FUNDS; HOW PROVIDED.**

124.7 Before any contract is made for the erection of a county jail, sheriff's residence, or
124.8 both, the county board shall either levy a sufficient tax to provide the necessary funds, or
124.9 issue county bonds therefor in accordance with the provisions of chapter 475, provided
124.10 that no election is required if the amount of all bonds issued for this purpose and interest
124.11 on them which are due and payable in any year does not exceed an amount equal to
124.12 0.09671 percent of estimated market value of taxable property within the county, as last
124.13 determined before the bonds are issued.

124.14 Sec. 106. Minnesota Statutes 2010, section 641.24, is amended to read:

124.15 **641.24 LEASING.**

124.16 The county may, by resolution of the county board, enter into a lease agreement with
124.17 any statutory or home rule charter city situated within the county, or a county housing and
124.18 redevelopment authority established pursuant to chapter 469 or any special law whereby
124.19 the city or county housing and redevelopment authority will construct a jail or other law
124.20 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the
124.21 sheriff and other law enforcement agencies, in accordance with plans prepared by or at
124.22 the request of the county board and, when required, approved by the commissioner of
124.23 corrections and will finance it by the issuance of revenue bonds, and the county may lease
124.24 the site and improvements for a term and upon rentals sufficient to produce revenue for the
124.25 prompt payment of the bonds and all interest accruing thereon and, upon completion of
124.26 payment, will acquire title thereto. The real and personal property acquired for the jail
124.27 shall constitute a project and the lease agreement shall constitute a revenue agreement
124.28 as contemplated in chapter 469, and all proceedings shall be taken by the city or county
124.29 housing and redevelopment authority and the county in the manner and with the force and
124.30 effect provided in chapter 469; provided that:

124.31 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

124.32 (2) the approval of the project by the commissioner of commerce shall not be
124.33 required;

125.1 (3) the Department of Corrections shall be furnished and shall record such
125.2 information concerning each project as it may prescribe;

125.3 (4) the rentals required to be paid under the lease agreement shall not exceed in any
125.4 year one-tenth of one percent of the estimated market value of property within the county,
125.5 as last finally equalized before the execution of the agreement;

125.6 (5) the county board shall provide for the payment of all rentals due during the term
125.7 of the lease, in the manner required in section 641.264, subdivision 2;

125.8 (6) no mortgage on the property shall be granted for the security of the bonds, but
125.9 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the
125.10 county board; and

125.11 (7) the county board may sublease any part of the jail property for purposes consistent
125.12 with the maintenance and operation of a county jail or other law enforcement facility.

125.13 Sec. 107. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision
125.14 to read:

125.15 Subd. 20. **Estimated market value.** When used in determining or calculating a
125.16 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or
125.17 capital note issuance by or for a local government unit, "estimated market value" has the
125.18 meaning given in section 273.032.

125.19 Sec. 108. **REVISOR'S INSTRUCTION.**

125.20 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,
125.21 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all
125.22 cross-references to the affected subdivisions accordingly.

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

125.24 Sec. 109. **REPEALER.**

125.25 Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision
125.26 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and
125.27 477A.011, subdivision 21, are repealed.

125.28 Sec. 110. **EFFECTIVE DATE.**

125.29 Unless otherwise specifically provided, this act is effective the day following final
125.30 enactment for purposes of limits on net debt, the issuance of bonds, certificates of
125.31 indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for
125.32 all other purposes.

126.1 **ARTICLE 6**

126.2 **MISCELLANEOUS**

126.3 Section 1. **GENERAL FUND SAVINGS AND BUDGET RESERVE TRANSFER.**

126.4 (a) The commissioner of management and budget must reduce general fund
126.5 appropriations to executive agencies, including constitutional offices, for agency
126.6 operations for the biennium ending June 30, 2013, by an amount calculated in paragraph
126.7 (b).

126.8 (b) The reduction in appropriations under paragraph (a) must come from all
126.9 funds savings provided by the reforms, efficiencies, and cost-saving measures through
126.10 implementation of the data analytics master contract program administered by the
126.11 Department of Administration entered into in fiscal year 2012 and fiscal year 2013.

126.12 (c) On November 15, 2012, the commissioner of management and budget shall
126.13 certify the amount of general fund savings resulting from state government appropriation
126.14 reductions under paragraph (a), and, in the event that the savings amount does not generate
126.15 \$99,900,000, shall cancel the difference between the state government reduction general
126.16 fund savings and \$99,900,000 in the budget reserve account in Minnesota Statutes, section
126.17 16A.152, to the general fund.

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

126.19 Sec. 2. **SPECIAL RECOVERY FUND; CANCELLATION.**

126.20 \$4,300,000 of the balance in the Revenue Department service and recovery special
126.21 revenue fund under Minnesota Statutes, section 270C.15, is transferred in fiscal year
126.22 2012 to the general fund.

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

APPENDIX
Article locations in UEH2337-1

ARTICLE 1	INCOME TAX	Page.Ln 2.13
ARTICLE 2	SALES TAX	Page.Ln 26.27
ARTICLE 3	PROPERTY TAX	Page.Ln 46.5
ARTICLE 4	LOCAL DEVELOPMENT	Page.Ln 61.17
ARTICLE 5	HOMESTEAD MARKET VALUE CLEANUP	Page.Ln 72.29
ARTICLE 6	MISCELLANEOUS	Page.Ln 126.1