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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 4

01/05/2017 Authored by Davids, Torkelson, Loonan, Pierson, Kiel and others
The bill was read for the first time and referred to the Committee on Taxes
03/27/2017 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
03/28/2017 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

A bill for an act

1.1 relating to financing and operation of state and local government; making changes
1.2 to individual income, corporate franchise, estate, property, sales and use, excise,
1.3 mineral, tobacco, gambling, special, local, and other miscellaneous taxes and
1.4 tax-related provisions; modifying provisions related to taxpayer empowerment,
1.5 local government aids, credits, refunds, in perpetuity payments on land purchases,
1.6 tax increment financing, and public finance; providing for new income tax
1.7 subtractions, additions, and credits; establishing a first-time home buyer savings
1.8 account program; providing for conformity to federal tax extenders by
1.9 administrative action; modifying the education credit; providing a credit for
1.10 donations to fund K-12 scholarships; modifying residency definitions; providing
1.11 estate tax conformity; modifying property tax exemptions, classifications, and
1.12 refunds; allowing a reverse referendum for property tax levies under certain
1.13 circumstances; establishing school building bond agricultural tax credit; modifying
1.14 state general levy; modifying certain local government aids; modifying sales tax
1.15 definitions and exemptions; providing sales tax exemptions; clarifying the
1.16 appropriation for sales tax refunds; establishing sales tax collection duties for
1.17 marketplace providers and certain retailers; dedicating certain sales tax revenues;
1.18 providing exemptions from sales taxes and property taxes for a Major League
1.19 Soccer stadium; authorizing certain tax increment financing authority; prohibiting
1.20 municipalities from taxing paper or plastic bags; modifying county levy authority;
1.21 authorizing certain local taxes; requiring voter approval for certain transportation
1.22 sales taxes; restricting rail project expenditures; modifying provisions related to
1.23 taconite; repealing political contribution refund; modifying taxes on tobacco
1.24 products and cigarettes; providing for a private letter ruling program; modifying
1.25 tax administration procedures; dedicating transportation-related taxes; modifying
1.26 vehicle taxes and fees; making minor policy, technical, and conforming changes;
1.27 requiring reports; appropriating money; amending Minnesota Statutes 2016, sections
1.28 13.4967, by adding a subdivision; 13.51, subdivision 2; 40A.18, subdivision 2;
1.29 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401,
1.30 subdivision 12; 97A.056, subdivisions 1a, 3, by adding subdivisions; 116P.02,
1.31 subdivision 1, by adding subdivisions; 116P.08, subdivisions 1, 4; 123B.63,
1.32 subdivision 3; 126C.17, subdivision 9; 127A.45, subdivisions 10, 13; 128C.24;
1.33 168.013, subdivision 1a, by adding a subdivision; 169.011, by adding a subdivision;
1.34 205.10, subdivision 1; 205A.05, subdivision 1; 216B.36; 216B.46; 237.19; 270.071,
1.35 subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding
1.36 a subdivision; 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding
1.37 a subdivision; 270.82, subdivision 1; 270A.03, subdivisions 5, 7; 270B.14,
1.38 subdivision 1, by adding subdivisions; 270C.13, subdivision 1; 270C.171,

2.1 subdivision 1; 270C.30; 270C.31, by adding a subdivision; 270C.33, subdivisions  
2.2 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2; 270C.35, subdivisions  
2.3 3, 4, by adding a subdivision; 270C.38, subdivision 1; 270C.445, subdivisions 2,  
2.4 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a subdivision; 270C.446, subdivisions 2, 3, 4,  
2.5 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 270C.72, subdivision  
2.6 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1;  
2.7 271.18; 272.02, subdivisions 9, 10, 23, 86, by adding a subdivision; 272.0211,  
2.8 subdivision 1; 272.0213; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by  
2.9 adding a subdivision; 272.0295, subdivision 4, by adding a subdivision; 272.115,  
2.10 subdivisions 1, 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121,  
2.11 by adding a subdivision; 273.124, subdivisions 3a, 13, 13d, 14, 21; 273.125,  
2.12 subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.135, subdivision 1;  
2.13 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 2,  
2.14 4, by adding subdivisions; 274.01, subdivision 1; 274.014, subdivision 3; 274.13,  
2.15 subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a  
2.16 subdivision; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08,  
2.17 subdivision 1b; 275.60; 275.62, subdivision 2; 276.017, subdivision 3; 276.04,  
2.18 subdivisions 1, 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by  
2.19 adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3;  
2.20 282.01, subdivisions 1a, 1d, 4, 6, by adding a subdivision; 282.016; 282.018,  
2.21 subdivision 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08,  
2.22 subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10,  
2.23 subdivision 1; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18,  
2.24 subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31,  
2.25 subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40,  
2.26 subdivision 1; 289A.50, subdivisions 1, 2a, 7; 289A.60, subdivisions 1, 13, 28, by  
2.27 adding a subdivision; 289A.63, by adding a subdivision; 290.01, subdivisions 6,  
2.28 7; 290.0131, by adding subdivisions; 290.0132, subdivisions 4, 14, 21, by adding  
2.29 subdivisions; 290.0133, by adding a subdivision; 290.06, subdivision 22, by adding  
2.30 subdivisions; 290.067, subdivisions 1, 2b; 290.0672, subdivision 1; 290.0674,  
2.31 subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, 3, 6a;  
2.32 290.0685, subdivision 1; 290.091, subdivision 2; 290.0922, subdivision 2; 290.17,  
2.33 subdivision 2; 290.31, subdivision 1; 290A.03, subdivisions 3, 11, 13; 290A.10;  
2.34 290A.19; 290C.03; 291.005, subdivision 1, as amended; 291.016, subdivisions 2,  
2.35 3; 291.03, subdivisions 1, 9, 11; 291.075; 295.54, subdivision 2; 295.55, subdivision  
2.36 6; 296A.01, subdivisions 7, 12, 33, 42, by adding a subdivision; 296A.02, by  
2.37 adding a subdivision; 296A.07, subdivision 1; 296A.08, subdivision 2; 296A.16,  
2.38 subdivision 2; 296A.22, subdivision 9; 296A.26; 297A.66, subdivisions 1, 2, 4,  
2.39 by adding a subdivision; 297A.67, subdivision 13a, by adding a subdivision;  
2.40 297A.68, subdivisions 5, 9, 19, 35a; 297A.70, subdivisions 4, 12, 14, by adding  
2.41 subdivisions; 297A.71, subdivision 44, by adding subdivisions; 297A.75,  
2.42 subdivisions 1, 2, 3, 5; 297A.815, subdivision 3; 297A.82, subdivisions 4, 4a;  
2.43 297A.94; 297A.992, subdivision 6a; 297A.993, subdivisions 1, 2, by adding  
2.44 subdivisions; 297B.07; 297D.02; 297E.02, subdivisions 3, 6, 7; 297E.04,  
2.45 subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision  
2.46 13a; 297F.05, subdivisions 1, 3, 3a, 4a; 297F.09, subdivision 1; 297F.23; 297G.09,  
2.47 subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10,  
2.48 subdivisions 1, 3; 297I.20, by adding a subdivision; 297I.30, subdivision 7, by  
2.49 adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions 3, 4, 4c; 298.225,  
2.50 subdivision 1; 298.24, subdivision 1; 298.28, subdivisions 2, 3, 5; 366.095,  
2.51 subdivision 1; 383B.117, subdivision 2; 398A.10, subdivisions 3, 4; 410.32;  
2.52 412.221, subdivision 2; 412.301; 414.09, subdivision 2; 426.19, subdivision 2;  
2.53 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision  
2.54 1; 462.353, subdivision 4; 469.053, subdivision 5; 469.101, subdivision 1; 469.107,  
2.55 subdivision 2; 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175,  
2.56 subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision;  
2.57 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1,  
2.58 5; 469.319, subdivision 5; 471.57, subdivision 3; 471.571, subdivision 3; 471.572,

3.1 subdivisions 2, 4; 473.39, by adding subdivisions; 473H.09; 473H.17, subdivision  
 3.2 1a; 475.59; 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124,  
 3.3 subdivision 2; 477A.013, subdivisions 1, 8, 9, by adding a subdivision; 477A.10;  
 3.4 477A.11, by adding subdivisions; 477A.19, by adding subdivisions; 504B.285,  
 3.5 subdivision 1; 504B.365, subdivision 3; 559.202, subdivision 2; 609.5316,  
 3.6 subdivision 3; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2,  
 3.7 as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as  
 3.8 amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29,  
 3.9 subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999,  
 3.10 chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18,  
 3.11 subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5,  
 3.12 section 38, subdivisions 2, as amended, 4, as amended; Laws 2008, chapter 154,  
 3.13 article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20;  
 3.14 Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2014, chapter 308,  
 3.15 article 6, sections 8, subdivision 1; 9; article 9, section 94; Laws 2016, chapter  
 3.16 187, section 5; proposing coding for new law in Minnesota Statutes, chapters 11A;  
 3.17 16A; 16B; 41B; 88; 103C; 116P; 117; 174; 222; 270C; 273; 274; 275; 281; 289A;  
 3.18 290; 290B; 290C; 293; 297A; 416; 459; 462A; 471; 473; 477A; proposing coding  
 3.19 for new law as Minnesota Statutes, chapter 462D; repealing Minnesota Statutes  
 3.20 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 136A.129; 205.10,  
 3.21 subdivision 3; 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447,  
 3.22 subdivision 4; 270C.9901; 281.22; 289A.10, subdivision 1a; 289A.12, subdivision  
 3.23 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; 290.06, subdivisions 23,  
 3.24 36; 290.067, subdivision 2; 290.9743; 290.9744; 290C.02, subdivisions 5, 9;  
 3.25 290C.06; 291.03, subdivisions 8, 9, 10, 11; 297A.992, subdivision 12; 297F.05,  
 3.26 subdivision 1a; 477A.085; 477A.20; Minnesota Rules, parts 4503.1400, subpart  
 3.27 4; 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3.

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

3.29 **ARTICLE 1**

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

3.31 Section 1. Minnesota Statutes 2016, section 13.4967, is amended by adding a subdivision  
 3.32 to read:

3.33 Subd. 9. **Minnesota housing credit.** Data related to Minnesota housing tax credit  
 3.34 certifications and allocations are classified in section 462A.39.

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

3.36 Sec. 2. **[41B.0391] BEGINNING FARMER PROGRAM; TAX CREDITS.**

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

3.39 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and  
 3.40 machinery used for farming in Minnesota.

3.41 (c) "Beginning farmer" means a resident of Minnesota who:

3.42 (1) is seeking entry, or has entered within the last ten years, into farming;

4.1 (2) intends to farm land located within the state borders of Minnesota;

4.2 (3) is not and whose spouse is not a family member of the owner of the agricultural  
4.3 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

4.4 (4) is not and whose spouse is not a family member of a partner, member, shareholder,  
4.5 or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to  
4.6 purchase or rent agricultural assets; and

4.7 (5) meets the following eligibility requirements as determined by the authority:

4.8 (i) has a net worth that does not exceed the limit provided under section 41B.03,  
4.9 subdivision 3, paragraph (a), clause (2);

4.10 (ii) provides the majority of the day-to-day physical labor and management of the farm;

4.11 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates  
4.12 knowledge in the type of farming for which the beginning farmer seeks assistance from the  
4.13 authority;

4.14 (iv) demonstrates to the authority a profit potential by submitting projected earnings  
4.15 statements;

4.16 (v) asserts to the satisfaction of the authority that farming will be a significant source  
4.17 of income for the beginning farmer;

4.18 (vi) participates in a financial management program approved by the authority or the  
4.19 commissioner of agriculture; and

4.20 (vii) has other qualifications as specified by the authority.

4.21 (d) "Family member" means a family member within the meaning of the Internal Revenue  
4.22 Code, section 267(c)(4).

4.23 (e) "Farm product" means plants and animals useful to humans and includes, but is not  
4.24 limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,  
4.25 poultry and poultry products, livestock, fruits, and vegetables.

4.26 (f) "Farming" means the active use, management, and operation of real and personal  
4.27 property for the production of a farm product.

4.28 (g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that  
4.29 is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner  
4.30 of agricultural assets does not mean an equipment dealer, livestock dealer defined in section  
4.31 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling

5.1 agricultural assets for profit and that is not engaged in farming as its primary business  
5.2 activity.

5.3 (h) "Share rent agreement" means a rental agreement in which the principal consideration  
5.4 given to the owner of agricultural assets is a predetermined portion of the production of  
5.5 farm products produced from the rented agricultural assets and which provides for sharing  
5.6 production costs or risk of loss, or both.

5.7 Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural  
5.8 assets may take a credit against the tax due under chapter 290 for the sale or rental of  
5.9 agricultural assets to a beginning farmer. An owner of agricultural assets may take a credit  
5.10 equal to:

5.11 (1) five percent of the sale price of the agricultural asset;

5.12 (2) ten percent of the gross rental income in each of the first, second, and third years of  
5.13 a rental agreement; or

5.14 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,  
5.15 second, and third years of a share rent agreement.

5.16 (b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent  
5.17 agreement. The agricultural asset must be rented at prevailing community rates as determined  
5.18 by the authority. The credit may be claimed only after approval and certification by the  
5.19 authority.

5.20 (c) An owner of agricultural assets or beginning farmer may terminate a rental agreement,  
5.21 including a share rent agreement, for reasonable cause upon approval of the authority. If a  
5.22 rental agreement is terminated without the fault of the owner of agricultural assets, the tax  
5.23 credits shall not be retroactively disallowed. If an agreement is terminated with fault by the  
5.24 owner of agricultural assets, any prior tax credits claimed under this subdivision by the  
5.25 owner of agricultural assets shall be disallowed and must be repaid to the commissioner of  
5.26 revenue.

5.27 (d) The credit is limited to the liability for tax as computed under chapter 290 for the  
5.28 taxable year. If the amount of the credit determined under this section for any taxable year  
5.29 exceeds this limitation, the excess is a beginning farmer incentive credit carryover according  
5.30 to section 290.06, subdivision 37.

5.31 Subd. 3. **Beginning farmer management tax credit.** (a) A beginning farmer may take  
5.32 a credit against the tax due under chapter 290 for participating in a financial management  
5.33 program approved by the authority. The credit is equal to 100 percent of the cost of

6.1 participating in the program. The credit is available for up to three years while the farmer  
 6.2 is in the program. The authority shall maintain a list of approved financial management  
 6.3 programs and establish a procedure for approving equivalent programs that are not on the  
 6.4 list.

6.5 (b) The credit is limited to the liability for tax as computed under chapter 290 for the  
 6.6 taxable year. If the amount of the credit determined under this section for any taxable year  
 6.7 exceeds this limitation, the excess is a beginning farmer management credit carryover  
 6.8 according to section 290.06, subdivision 38.

6.9 Subd. 4. **Authority duties.** The authority shall:

6.10 (1) approve and certify beginning farmers as eligible for the program under this section;

6.11 (2) approve and certify owners of agricultural assets as eligible for the tax credit under  
 6.12 subdivision 2;

6.13 (3) provide necessary and reasonable assistance and support to beginning farmers for  
 6.14 qualification and participation in financial management programs approved by the authority;  
 6.15 and

6.16 (4) refer beginning farmers to agencies and organizations that may provide additional  
 6.17 pertinent information and assistance.

6.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 6.19 31, 2016.

6.20 Sec. 3. Minnesota Statutes 2016, section 289A.10, subdivision 1, is amended to read:

6.21 Subdivision 1. **Return required.** In the case of a decedent who has an interest in property  
 6.22 with a situs in Minnesota, the personal representative must submit a Minnesota estate tax  
 6.23 return to the commissioner, on a form prescribed by the commissioner, if:

6.24 ~~(1) a federal estate tax return is required to be filed; or~~

6.25 ~~(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in~~  
 6.26 ~~section 2001(b) of the Internal Revenue Code, made within three years of the date of the~~  
 6.27 ~~decedent's death exceeds \$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~  
 6.28 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~  
 6.29 ~~\$1,800,000 for estates of decedents dying in 2017; and \$2,000,000 for estates of decedents~~  
 6.30 ~~dying in 2018 and thereafter.~~

6.31 The return must contain a computation of the Minnesota estate tax due. The return must  
 6.32 be signed by the personal representative.

7.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
7.2 dying after December 31, 2016.

7.3 Sec. 4. Minnesota Statutes 2016, section 290.01, subdivision 7, is amended to read:

7.4 Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled in Minnesota,  
7.5 except that an individual is not a "resident" for the period of time that the individual is a  
7.6 "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the  
7.7 qualified individual notifies the county within three months of moving out of the country  
7.8 that homestead status be revoked for the Minnesota residence of the qualified individual,  
7.9 and the property is not classified as a homestead while the individual remains a qualified  
7.10 individual.

7.11 (b) "Resident" also means any individual domiciled outside the state who maintains a  
7.12 place of abode in the state and spends in the aggregate more than one-half of the tax year  
7.13 in Minnesota, unless:

7.14 (1) the individual or the spouse of the individual is in the armed forces of the United  
7.15 States; or

7.16 (2) the individual is covered under the reciprocity provisions in section 290.081.

7.17 For purposes of this subdivision, presence within the state for any part of a calendar day  
7.18 constitutes a day spent in the state. A day does not qualify as a Minnesota day if the taxpayer  
7.19 traveled from a place outside of Minnesota primarily for and essential to obtaining medical  
7.20 care, as defined in Internal Revenue Code, section 213(d)(1)(A), in Minnesota for the  
7.21 taxpayer, spouse, or a dependent of the taxpayer and the travel expense is allowed under  
7.22 section 213(d)(1)(B) of the Internal Revenue Code, and is claimed by the taxpayer as a  
7.23 deductible expense. Individuals shall keep adequate records to substantiate the days spent  
7.24 outside the state.

7.25 The term "abode" means a dwelling maintained by an individual, whether or not owned  
7.26 by the individual and whether or not occupied by the individual, and includes a dwelling  
7.27 place owned or leased by the individual's spouse.

7.28 (c) In determining where an individual is domiciled, neither the commissioner nor any  
7.29 court shall consider:

7.30 (1) charitable contributions made by an the individual within or without the state in  
7.31 determining if the individual is domiciled in Minnesota;

8.1 (2) the location of the individual's attorney, certified public accountant, or financial  
8.2 adviser; or

8.3 (3) the place of business of a financial institution at which the individual applies for any  
8.4 new type of credit or at which the individual opens or maintains any type of account.

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

8.6 (1) "financial adviser" means:

8.7 (i) an individual or business entity engaged in business as a certified financial planner,  
8.8 registered investment adviser, licensed insurance producer or agent, or registered securities  
8.9 broker-dealer representative; or

8.10 (ii) a financial institution providing services related to trust or estate administration,  
8.11 investment management, or financial planning; and

8.12 (2) "financial institution" means a financial institution as defined in section 47.015,  
8.13 subdivision 1; a state or nationally chartered credit union; or a registered broker-dealer  
8.14 under the Securities and Exchange Act of 1934.

8.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.16 31, 2016, except the amendment to paragraph (b) is effective for taxable years beginning  
8.17 after December 31, 2017.

8.18 Sec. 5. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
8.19 to read:

8.20 Subd. 14. **Equity and opportunity donations to qualified foundations.** The amount  
8.21 of the deduction under section 170 of the Internal Revenue Code that represents contributions  
8.22 to a qualified foundation under section 290.0693 is an addition.

8.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.24 31, 2017.

8.25 Sec. 6. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
8.26 to read:

8.27 Subd. 15. **First-time home buyer savings account.** The amount for a first-time home  
8.28 buyer savings account required by section 462D.06, subdivision 2, is an addition.

8.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.30 31, 2016.



9.1 Sec. 7. Minnesota Statutes 2016, section 290.0132, subdivision 4, is amended to read:

9.2 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following  
9.3 amounts paid to others for ~~each qualifying child are a subtraction:~~ education-related expenses,  
9.4 as defined in section 290.0674, subdivision 1, less any amount used to claim the credit under  
9.5 section 290.0674, are a subtraction.

9.6 ~~(1) education-related expenses; plus~~

9.7 ~~(2) tuition and fees paid to attend a school described in section 290.0674, subdivision~~  
9.8 ~~1, clause (4), that are not included in education-related expenses; less~~

9.9 ~~(3) any amount used to claim the credit under section 290.0674.~~

9.10 (b) The maximum subtraction allowed under this subdivision is:

9.11 (1) \$1,625 for each qualifying child in a prekindergarten educational program or in  
9.12 kindergarten through grade 6; and

9.13 (2) \$2,500 for each qualifying child in grades 7 through 12.

9.14 (c) The definitions in section 290.0674, subdivision 1, apply to this subdivision.

9.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.16 31, 2016.

9.17 Sec. 8. Minnesota Statutes 2016, section 290.0132, subdivision 14, is amended to read:

9.18 Subd. 14. **Section 179 expensing.** ~~In each of the five taxable years immediately following~~  
9.19 ~~the taxable year in which an addition is required under section 290.0131, subdivision 10,~~  
9.20 ~~or 290.0133, subdivision 12, for a shareholder of a corporation that is an S corporation, an~~  
9.21 ~~amount equal to one-fifth of the addition made by the taxpayer under section 290.0131,~~  
9.22 ~~subdivision 10, or 290.0133, subdivision 12, for a shareholder of a corporation that is an S~~  
9.23 ~~corporation, minus the positive value of any net operating loss under section 172 of the~~  
9.24 ~~Internal Revenue Code generated for the taxable year of the addition, is a subtraction. If the~~  
9.25 ~~net operating loss exceeds the addition for the taxable year, a subtraction is not allowed~~  
9.26 ~~under this subdivision.~~ The current year section 179 allowance under section 290.0804,  
9.27 subdivision 1, is a subtraction.

9.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.29 31, 2016.

10.1 Sec. 9. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
10.2 to read:

10.3 Subd. 23. **Contributions to 529 plan.** (a) The amount equal to the contributions made  
10.4 during the taxable year to one or more accounts in plans qualifying under section 529 of  
10.5 the Internal Revenue Code, reduced by any withdrawals from accounts during the taxable  
10.6 year, is a subtraction.

10.7 (b) The subtraction under this subdivision does not include amounts rolled over from  
10.8 other college savings plan accounts.

10.9 (c) The subtraction under this subdivision must not exceed \$3,000 for married couples  
10.10 filing joint returns and \$1,500 for all other filers, and is limited to individuals who do not  
10.11 claim the credit under section 290.0684.

10.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.13 31, 2016.

10.14 Sec. 10. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
10.15 to read:

10.16 Subd. 24. **Social Security benefits.** The amount of Social Security benefits, as provided  
10.17 in section 290.0803, is a subtraction.

10.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.19 31, 2016.

10.20 Sec. 11. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
10.21 to read:

10.22 Subd. 25. **Discharge of indebtedness; education loans.** (a) The amount equal to the  
10.23 discharge of indebtedness of the taxpayer is a subtraction if:

10.24 (1) the indebtedness discharged is a qualified education loan;

10.25 (2) the taxpayer incurred the indebtedness to pay for qualified higher education expenses  
10.26 related to attending a graduate degree program; and

10.27 (3) the indebtedness was discharged under section 136A.1791, or following the taxpayer's  
10.28 completion of an income-driven repayment plan.

10.29 (b) For the purposes of this subdivision, "qualified education loan" and "qualified higher  
10.30 education expenses" have the meanings given in section 221 of the Internal Revenue Code.

11.1 (c) For purposes of this subdivision, "income-driven repayment plan" means a payment  
11.2 plan established by the United States Department of Education that sets monthly student  
11.3 loan payments based on income and family size under United States Code, title 20, section  
11.4 1087e, or similar authority and specifically includes, but is not limited to:

11.5 (1) the income-based repayment plan under United States Code, title 20, section 1098e;

11.6 (2) the income contingent repayment plan established under United States Code, title  
11.7 20, section 1087e, subsection (e); and

11.8 (3) the PAYE program or REPAYE program established by the Department of Education  
11.9 under administrative regulations.

11.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.11 31, 2016.

11.12 Sec. 12. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
11.13 to read:

11.14 **Subd. 26. Carryover section 179 allowance.** The carryover section 179 allowance under  
11.15 section 290.0804, subdivision 2, is a subtraction.

11.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.17 31, 2016.

11.18 Sec. 13. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
11.19 to read:

11.20 **Subd. 27. First-time home buyer savings account.** (a) The amount for contributions  
11.21 to and earnings on a first-time home buyer savings account allowed by section 462D.06,  
11.22 subdivision 1, is a subtraction.

11.23 (b) The subtraction allowed under this subdivision for a taxable year is limited to \$7,500,  
11.24 or \$15,000 for married joint filers. For a taxpayer whose adjusted gross income, as defined  
11.25 in section 62 of the Internal Revenue Code, for the taxable year exceeds \$125,000, or  
11.26 \$250,000 for married joint filers, the maximum subtraction is reduced \$1 for each \$4 of  
11.27 adjusted gross income in excess of that threshold.

11.28 (c) The adjusted gross income thresholds under paragraph (b) are annually adjusted for  
11.29 inflation. Effective for taxable year 2018, the commissioner shall adjust the dollar amount  
11.30 of the income thresholds at which the maximum credit begins to be reduced under paragraph  
11.31 (b) by the percentage determined under section 1(f) of the Internal Revenue Code, except

12.1 that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the  
12.2 commissioner shall then determine the percent change from the 12 months ending on August  
12.3 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from  
12.4 the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the  
12.5 year preceding the taxable year. The determination of the commissioner under this  
12.6 subdivision is not a "rule" and is not subject to the Administrative Procedure Act in chapter  
12.7 14. The threshold amount as adjusted must be rounded to the nearest \$100 amount. If the  
12.8 amount ends in \$50, the amount is rounded up to the nearest \$100 amount.

12.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.10 31, 2016.

12.11 Sec. 14. Minnesota Statutes 2016, section 290.0133, is amended by adding a subdivision  
12.12 to read:

12.13 Subd. 15. **Equity and opportunity donations to qualified foundations.** The amount  
12.14 of the deduction under section 170 of the Internal Revenue Code that represents contributions  
12.15 to a qualified foundation under section 290.0693 is an addition.

12.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.17 31, 2017.

12.18 Sec. 15. **[290.016] CONFORMITY TO FEDERAL TAX EXTENDERS BY**  
12.19 **ADMINISTRATIVE ACTION.**

12.20 Subdivision 1. **Legislative purpose.** (a) The legislature intends this section to provide  
12.21 an ongoing mechanism for conforming the Minnesota individual income and corporate  
12.22 franchise taxes and the property tax refund and homestead credit refund programs to federal  
12.23 tax legislation enacted after the legislature has adjourned that extends existing provisions  
12.24 of federal law, if the provisions affect a taxable year that ends before the legislature is  
12.25 scheduled to reconvene in regular session. Congress has regularly enacted changes of that  
12.26 type that affect computation of Minnesota tax through its links to federal law. The federal  
12.27 changes consist mainly of extending provisions that reduce revenues and are scheduled to  
12.28 expire. Because Minnesota law is linked to federal law as of a specific date, taxpayers and  
12.29 the Department of Revenue must assume that Minnesota law does not include the effect of  
12.30 these federal changes even though the legislature regularly adopts most of the federal  
12.31 provisions retroactively in the next legislative session. This situation undermines compliance  
12.32 and administration of Minnesota taxes, causing delay, uncertainty, and added costs. This  
12.33 section provides an administrative mechanism to conform to most of these federal changes.

13.1 The legislature's intent is to conform to the federal tax extenders, including minor  
13.2 modifications of them, and to set aside the necessary state budget resources to do so.

13.3 (b) By expressing its intent regarding specific federal provisions and indicating how to  
13.4 treat each federal extender provision, the legislature is exercising its legislative power and  
13.5 is not delegating to Congress or the commissioner the authority to determine Minnesota tax  
13.6 law. The legislature believes that this section is consistent with the Minnesota Supreme  
13.7 Court's ruling in the case of Wallace v. Commissioner of Taxation, 289 Minn. 220 (1971).

13.8 Subd. 2. **Federal tax conformity account established; transfer.** (a) A federal tax  
13.9 conformity account is established in the general fund. Money in the account is available for  
13.10 transfer to the general fund to offset the reduction in general fund revenues resulting from  
13.11 conforming Minnesota tax law to federal law under this section.

13.12 (b) \$35,000,000 is transferred from the general fund to the federal tax conformity account,  
13.13 effective July 1, 2017.

13.14 (c) Each year, within ten days after receiving notice of the amount from the commissioner,  
13.15 the commissioner of management and budget shall transfer from the account to the general  
13.16 fund the amount the commissioner determines is required under subdivision 4.

13.17 Subd. 3. **Eligible federal tax preferences.** For purposes of this section and section  
13.18 290.01, the term "eligible federal tax preferences" means any of the following items that  
13.19 are not in effect under the Internal Revenue Code for future taxable years beginning after  
13.20 December 31, 2016:

13.21 (1) discharge of qualified principal residence indebtedness under section 108(a)(1)(E)  
13.22 of the Internal Revenue Code;

13.23 (2) mortgage insurance premiums treated as qualified residence interest under section  
13.24 163(h)(3)(E) of the Internal Revenue Code;

13.25 (3) qualified tuition and related expenses under section 222 of the Internal Revenue  
13.26 Code;

13.27 (4) reversion of the ten percent adjusted gross income threshold used in determining the  
13.28 itemized deductions of the expenses of medical care under section 213 of the Internal  
13.29 Revenue Code to 7.5 percent, without regard to whether the reversion applies to all  
13.30 individuals or is limited to individuals who have attained the age of 65;

13.31 (5) classification of certain race horses as three-year property under section  
13.32 168(e)(3)(A)(i) and (ii) of the Internal Revenue Code;

14.1 (6) the seven-year recovery period for motorsports entertainment complexes under  
14.2 section 168(i)(15) of the Internal Revenue Code;

14.3 (7) the accelerated depreciation for business property on an Indian reservation under  
14.4 section 168(j) of the Internal Revenue Code;

14.5 (8) the election to expense mine safety equipment under section 179E of the Internal  
14.6 Revenue Code;

14.7 (9) the special expensing rules for certain film and television productions under section  
14.8 181 of the Internal Revenue Code;

14.9 (10) the special allowance for second-generation biofuel plant property under section  
14.10 168(l) of the Internal Revenue Code;

14.11 (11) the energy efficient commercial buildings deduction under section 179D of the  
14.12 Internal Revenue Code;

14.13 (12) the five-year recovery period for property described in section 168(e)(3)(B)(vi)(I)  
14.14 of the Internal Revenue Code and qualifying for an energy credit under section 48(a)(3)(A)  
14.15 of the Internal Revenue Code; and

14.16 (13) the amount of the additional section 179 allowance in an empowerment zone under  
14.17 section 1397A of the Internal Revenue Code.

14.18 **Subd. 4. Designation of qualifying federal conformity items.** (a) If, after final  
14.19 adjournment of a regular session of the legislature, Congress enacts a law that extends one  
14.20 or more of the eligible federal tax preferences to taxable years beginning during the calendar  
14.21 year in which the legislature adjourned, the commissioner shall prepare a list of qualifying  
14.22 federal conformity items and publish it on the Department of Revenue's Web site within 30  
14.23 days following enactment of the law. In preparing the list, the commissioner shall estimate  
14.24 the change in revenue resulting from allowing the eligible federal tax preferences, including  
14.25 the effect of subdivision 6, for the current and succeeding fiscal year only. The commissioner  
14.26 shall not include an item on the list of qualifying federal conformity items if the commissioner  
14.27 estimates that its inclusion would reduce general fund revenues for the current and succeeding  
14.28 fiscal year by more than the balance in the federal tax conformity account.

14.29 (b) The commissioner shall consider the provisions of subdivision 6 as the first item to  
14.30 include on the list of qualifying conformity items. The commissioner shall apply the following  
14.31 priorities in determining which additional items to include:

15.1 (1) the effect of all eligible federal tax preferences on computation of federal adjusted  
15.2 gross income under this chapter and household income under chapter 290A, is the first  
15.3 priority;

15.4 (2) the effect of the federal law on computation of Minnesota tax credits is the second  
15.5 priority;

15.6 (3) the items in subdivision 3, clauses (5) to (13), in that order, are the third priority;  
15.7 and

15.8 (4) the items in subdivision 3, clauses (1) to (4), in that order, are the last priority.

15.9 (c) In determining whether to include an eligible federal tax preference on the list of  
15.10 qualifying federal conformity items, the commissioner may include items in which  
15.11 nonmaterial changes were made in the federal law extending allowance of the eligible federal  
15.12 tax preferences, compared to the provision that was in effect for the prior federal taxable  
15.13 year. For purposes of this determination, nonmaterial changes are limited to changes that  
15.14 are estimated to increase or decrease Minnesota tax revenues by no more than \$1,000,000  
15.15 for the affected eligible federal tax preference item for the taxable year.

15.16 (d) Within ten days after the commissioner's final determination of qualifying federal  
15.17 conformity items under this subdivision, the commissioner shall notify the commissioner  
15.18 of management and budget, in writing, of the amounts of the federal tax conformity account  
15.19 transfers under subdivision 2.

15.20 Subd. 5. **Provisions in effect.** (a) For purposes of determining tax and credits under this  
15.21 chapter, including the taxes under sections 290.091 and 290.0921, and household income  
15.22 under chapter 290A, qualifying federal conformity items and bonus depreciation rules under  
15.23 subdivision 6 apply for the designated taxable year and the provisions of this chapter apply  
15.24 as if the definition of the Internal Revenue Code under section 290.01, subdivision 31,  
15.25 included the amendments to the qualifying federal conformity items.

15.26 (b) The commissioner shall administer the taxes under this chapter and refunds under  
15.27 chapter 290A as if Minnesota had conformed to the federal definitions of net income,  
15.28 adjusted gross income, and tax credits that affect computation of Minnesota tax or refunds  
15.29 resulting from extension of the qualifying federal conformity items.

15.30 (c) For purposes of this subdivision and subdivision 6, "designated taxable year" means  
15.31 a taxable year that begins during a calendar year in which an eligible federal tax preference  
15.32 is enacted after the legislature adjourned its regular session and is effective for taxable years  
15.33 beginning during that calendar year.

16.1 Subd. 6. **Bonus depreciation; 80 percent rule applies.** If, following final adjournment  
16.2 of a regular session of the legislature, Congress enacts a law that extends application of the  
16.3 depreciation special allowances under section 168(k) of the Internal Revenue Code to taxable  
16.4 years beginning during the same calendar year, the allowance must be determined using  
16.5 the rules under sections 290.0131, subdivision 9, and 290.0133, subdivision 11, for the  
16.6 designated taxable year; and the rules under sections 290.0132, subdivision 9, and 290.0134,  
16.7 subdivision 13, for the five tax years immediately following the designated taxable year.

16.8 Subd. 7. **Forms preparation.** If the provisions of subdivisions 3 and 4 apply to a taxable  
16.9 year, the commissioner shall prepare forms and instructions that reflect the qualifying federal  
16.10 conformity items and bonus depreciation rules under subdivision 6, if applicable, for the  
16.11 taxable year consistent with the provisions of this section.

16.12 Subd. 8. **Draft legislation.** For a taxable year for which the commissioner publishes a  
16.13 list of qualifying federal conformity items under this section, the commissioner shall provide  
16.14 the chairs and ranking minority members of the legislative committees with jurisdiction  
16.15 over taxes with draft legislation that would conform Minnesota Statutes to the qualifying  
16.16 federal conformity items and any other conformity items that the commissioner recommends  
16.17 be adopted, including application to taxable years beyond those to which this section applies.  
16.18 The draft legislation is intended to make the statutes consistent with application of the  
16.19 designated qualifying federal conformity items under this section for the convenience of  
16.20 members of the public. Failure to pass the draft legislation does not affect computation of  
16.21 Minnesota tax liability for the affected taxable years under this section.

16.22 Subd. 9. **Administrative Procedure Act.** Designation of qualifying federal conformity  
16.23 items or any other action of the commissioner under this section is not a rule and is not  
16.24 subject to the Administrative Procedure Act under chapter 14, including section 14.386.

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

16.26 Sec. 16. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
16.27 read:

16.28 Subd. 2g. **First-time home buyer savings account.** In addition to the tax computed  
16.29 under subdivision 2c, an additional amount of tax applies equal to the additional tax computed  
16.30 for the taxable year for the account holder of a first-time home buyer account under section  
16.31 462D.06, subdivision 3.

16.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.33 31, 2016.



17.1 Sec. 17. Minnesota Statutes 2016, section 290.06, subdivision 22, is amended to read:

17.2 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes  
17.3 based on net income to another state, as provided in paragraphs (b) through (f), upon income  
17.4 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state  
17.5 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who  
17.6 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who  
17.7 is subject to income tax as a resident in the state of the individual's domicile is not allowed  
17.8 this credit unless the state of domicile does not allow a similar credit.

17.9 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax  
17.10 payable under this chapter by the ratio derived by dividing the income subject to tax in the  
17.11 other state that is also subject to tax in Minnesota while a resident of Minnesota by the  
17.12 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue  
17.13 Code, modified by the addition required by section 290.0131, subdivision 2, and the  
17.14 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated  
17.15 or assigned to Minnesota under sections 290.081 and 290.17.

17.16 (c) If the taxpayer is an athletic team that apportions all of its income under section  
17.17 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
17.18 chapter by the ratio derived from dividing the total net income subject to tax in the other  
17.19 state by the taxpayer's Minnesota taxable income.

17.20 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of  
17.21 tax so paid to the other state on the gross income earned within the other state subject to  
17.22 tax under this chapter, ~~nor shall~~ and

17.23 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an  
17.24 amount less than what would be assessed if ~~such income amount was~~ the gross income  
17.25 earned within the other state were excluded from taxable net income.

17.26 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
17.27 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum  
17.28 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
17.29 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
17.30 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
17.31 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
17.32 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
17.33 properly apportioned to that distribution.

18.1 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax  
18.2 in such other state on that same income after the Minnesota statute of limitations has expired,  
18.3 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any  
18.4 statute of limitations to the contrary. The claim for the credit must be submitted within one  
18.5 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient  
18.6 proof to show entitlement to a credit.

18.7 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated  
18.8 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed  
18.9 on the shareholder in an amount equal to the shareholder's pro rata share of any net income  
18.10 tax paid by the S corporation to another state. For the purposes of the preceding sentence,  
18.11 the term "net income tax" means any tax imposed on or measured by a corporation's net  
18.12 income.

18.13 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a  
18.14 partnership under the Internal Revenue Code must be considered to have paid a tax imposed  
18.15 on the partner in an amount equal to the partner's pro rata share of any net income tax paid  
18.16 by the partnership to another state. For purposes of the preceding sentence, the term "net  
18.17 income" tax means any tax imposed on or measured by a partnership's net income.

18.18 (i) For the purposes of this subdivision, "another state":

18.19 (1) includes:

18.20 (i) the District of Columbia; and

18.21 (ii) a province or territory of Canada; but

18.22 (2) excludes Puerto Rico and the several territories organized by Congress.

18.23 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state  
18.24 by state basis.

18.25 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this  
18.26 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under  
18.27 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit  
18.28 allowed, the net income taxes imposed by Canada on the income are deducted first. Any  
18.29 remaining amount of the allowable foreign tax credit reduces the provincial or territorial  
18.30 tax that qualifies for the credit under this subdivision.

18.31 (l) If the amount of the credit which a qualifying individual is eligible to receive under  
18.32 this section for tax paid to a qualifying state, disregarding the limitation in paragraph (d),  
18.33 clause (2), exceeds the tax due under this chapter, the commissioner shall refund the excess

19.1 to the individual. An amount sufficient to pay the refunds required by this section is  
19.2 appropriated to the commissioner from the general fund.

19.3 For purposes of this paragraph, "qualifying individual" means a Minnesota resident under  
19.4 section 290.01, subdivision 7, paragraph (a), who received compensation during the taxable  
19.5 year for the performance of personal or professional services within a qualifying state, and  
19.6 "qualifying state" means a state with which an agreement under section 290.081 is not in  
19.7 effect for the taxable year but was in effect for a taxable year beginning before January 1,  
19.8 2010.

19.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.10 31, 2016.

19.11 Sec. 18. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
19.12 read:

19.13 Subd. 37. **Beginning farmer incentive credit.** (a) A beginning farmer incentive credit  
19.14 is allowed against the tax due under this chapter for the sale or rental of agricultural assets  
19.15 to a beginning farmer according to section 41B.0391, subdivision 2.

19.16 (b) The credit may be claimed only after approval and certification by the Rural Finance  
19.17 Authority according to section 41B.0391.

19.18 (c) The credit is limited to the liability for tax, as computed under this chapter, for the  
19.19 taxable year. If the amount of the credit determined under this subdivision for any taxable  
19.20 year exceeds this limitation, the excess is a beginning farmer incentive credit carryover to  
19.21 each of the 15 succeeding taxable years. The entire amount of the excess unused credit for  
19.22 the taxable year is carried first to the earliest of the taxable years to which the credit may  
19.23 be carried and then to each successive year to which the credit may be carried. The amount  
19.24 of the unused credit which may be added under this paragraph must not exceed the taxpayer's  
19.25 liability for tax, less the beginning farmer incentive credit for the taxable year.

19.26 (d) Credits allowed to a partnership, a limited liability company taxed as a partnership,  
19.27 an S corporation, or multiple owners of property are passed through to the partners, members,  
19.28 shareholders, or owners, respectively, pro rata to each based on the partner's, member's,  
19.29 shareholder's, or owner's share of the entity's assets or as specially allocated in the  
19.30 organizational documents or any other executed agreement, as of the last day of the taxable  
19.31 year.

19.32 (e) For a nonresident or part-year resident, the credit under this section must be allocated  
19.33 using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

20.1 (f) Notwithstanding the approval and certification by the Rural Finance Authority under  
20.2 section 41B.0391, the commissioner may utilize any audit and examination powers under  
20.3 chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the  
20.4 credit and to assess for the amount of any improperly claimed credit.

20.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.6 31, 2016.

20.7 Sec. 19. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
20.8 read:

20.9 Subd. 38. **Beginning farmer management credit.** (a) A taxpayer who is a beginning  
20.10 farmer may take a credit against the tax due under this chapter for participation in a financial  
20.11 management program according to section 41B.0391, subdivision 3.

20.12 (b) The credit may be claimed only after approval and certification by the Rural Finance  
20.13 Authority according to section 41B.0391.

20.14 (c) The credit is limited to the liability for tax, as computed under this chapter, for the  
20.15 taxable year. If the amount of the credit determined under this subdivision for any taxable  
20.16 year exceeds this limitation, the excess is a beginning farmer management credit carryover  
20.17 to each of the three succeeding taxable years. The entire amount of the excess unused credit  
20.18 for the taxable year is carried first to the earliest of the taxable years to which the credit  
20.19 may be carried and then to each successive year to which the credit may be carried. The  
20.20 amount of the unused credit which may be added under this paragraph must not exceed the  
20.21 taxpayer's liability for tax, less the beginning farmer management credit for the taxable  
20.22 year.

20.23 (d) For a part-year resident, the credit under this section must be allocated using the  
20.24 percentage calculated in section 290.06, subdivision 2c, paragraph (e).

20.25 (e) Notwithstanding the approval and certification by the Rural Finance Authority under  
20.26 section 41B.0391, the commissioner may utilize any audit and examination powers under  
20.27 chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the  
20.28 credit and to assess for the amount of any improperly claimed credit.

20.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.30 31, 2016.

21.1 Sec. 20. Minnesota Statutes 2016, section 290.067, subdivision 1, is amended to read:

21.2 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax  
21.3 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the  
21.4 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section  
21.5 21 of the Internal Revenue Code ~~subject to the limitations provided in subdivision 2~~ except  
21.6 that in determining whether the child qualified as a dependent, income received as a  
21.7 Minnesota family investment program grant or allowance to or on behalf of the child must  
21.8 not be taken into account in determining whether the child received more than half of the  
21.9 child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal  
21.10 Revenue Code do not apply.

21.11 (b) If a child who has not attained the age of six years at the close of the taxable year is  
21.12 cared for at a licensed family day care home operated by the child's parent, the taxpayer is  
21.13 deemed to have paid employment-related expenses. If the child is 16 months old or younger  
21.14 at the close of the taxable year, the amount of expenses deemed to have been paid equals  
21.15 the maximum limit for one qualified individual under section 21(c) and (d) of the Internal  
21.16 Revenue Code. If the child is older than 16 months of age but has not attained the age of  
21.17 six years at the close of the taxable year, the amount of expenses deemed to have been paid  
21.18 equals the amount the licensee would charge for the care of a child of the same age for the  
21.19 same number of hours of care.

21.20 (c) If a married couple:

21.21 (1) has a child who has not attained the age of one year at the close of the taxable year;

21.22 (2) files a joint tax return for the taxable year; and

21.23 (3) does not participate in a dependent care assistance program as defined in section 129  
21.24 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for  
21.25 that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i)  
21.26 the combined earned income of the couple or (ii) the amount of the maximum limit for one  
21.27 qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed  
21.28 to be the employment related expense paid for that child. The earned income limitation of  
21.29 section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These  
21.30 deemed amounts apply regardless of whether any employment-related expenses have been  
21.31 paid.

21.32 (d) If the taxpayer is not required and does not file a federal individual income tax return  
21.33 for the tax year, no credit is allowed for any amount paid to any person unless:

22.1 (1) the name, address, and taxpayer identification number of the person are included on  
22.2 the return claiming the credit; or

22.3 (2) if the person is an organization described in section 501(c)(3) of the Internal Revenue  
22.4 Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name  
22.5 and address of the person are included on the return claiming the credit.

22.6 In the case of a failure to provide the information required under the preceding sentence,  
22.7 the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence  
22.8 in attempting to provide the information required.

22.9 (e) In the case of a nonresident, part-year resident, or a person who has earned income  
22.10 not subject to tax under this chapter including earned income excluded pursuant to section  
22.11 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue  
22.12 Code must be allocated based on the ratio by which the earned income of the claimant and  
22.13 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant  
22.14 and the claimant's spouse.

22.15 (f) For residents of Minnesota, the subtractions for military pay under section 290.0132,  
22.16 subdivisions 11 and 12, are not considered "earned income not subject to tax under this  
22.17 chapter."

22.18 (g) For residents of Minnesota, the exclusion of combat pay under section 112 of the  
22.19 Internal Revenue Code is not considered "earned income not subject to tax under this  
22.20 chapter."

22.21 (h) For taxpayers with federal adjusted gross income in excess of \$50,000, the credit is  
22.22 equal to the lesser of the credit otherwise calculated under this subdivision, or the amount  
22.23 equal to \$600 minus five percent of federal adjusted gross income in excess of \$50,000 for  
22.24 taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted  
22.25 gross income in excess of \$50,000 for taxpayers with two or more qualified individuals,  
22.26 but in no case is the credit less than zero.

22.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.28 31, 2016.

22.29 Sec. 21. Minnesota Statutes 2016, section 290.067, subdivision 2b, is amended to read:

22.30 Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of  
22.31 the income threshold at which the maximum credit begins to be reduced under subdivision  
22.32 2 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal  
22.33 Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2016" shall be substituted

23.1 for the word "1992." For ~~2001~~ 2018, the commissioner shall then determine the percent  
23.2 change from the 12 months ending on August 31, ~~1999~~ 2016, to the 12 months ending on  
23.3 August 31, ~~2000~~ 2017, and in each subsequent year, from the 12 months ending on August  
23.4 31, ~~1999~~ 2016, to the 12 months ending on August 31 of the year preceding the taxable  
23.5 year. The determination of the commissioner pursuant to this subdivision must not be  
23.6 considered a "rule" and is not subject to the Administrative Procedure Act contained in  
23.7 chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount.  
23.8 If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

23.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
23.10 31, 2016.

23.11 Sec. 22. Minnesota Statutes 2016, section 290.0674, subdivision 1, is amended to read:

23.12 Subdivision 1. **Credit allowed.** An individual is allowed a credit against the tax imposed  
23.13 by this chapter in an amount equal to 75 percent of the amount paid for education-related  
23.14 expenses for a qualifying child in a prekindergarten educational program or in kindergarten  
23.15 through grade 12. For purposes of this section, "education-related expenses" means:

23.16 (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision  
23.17 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association,  
23.18 and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular  
23.19 school day or school year, including tutoring, driver's education offered as part of school  
23.20 curriculum, regardless of whether it is taken from a public or private entity or summer  
23.21 camps, in grade or age appropriate curricula that supplement curricula and instruction  
23.22 available during the regular school year, that assists a dependent to improve knowledge of  
23.23 core curriculum areas or to expand knowledge and skills under the required academic  
23.24 standards under section 120B.021, subdivision 1, and the elective standard under section  
23.25 120B.022, subdivision 1, clause (2), and that do not include the teaching of religious tenets,  
23.26 doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

23.27 (2) expenses for textbooks, including books and other instructional materials and  
23.28 equipment purchased or leased for use in elementary and secondary schools in teaching  
23.29 only those subjects legally and commonly taught in public elementary and secondary schools  
23.30 in this state. "Textbooks" does not include instructional books and materials used in the  
23.31 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such  
23.32 tenets, doctrines, or worship, nor does it include books or materials for extracurricular  
23.33 activities including sporting events, musical or dramatic events, speech activities, driver's  
23.34 education, or similar programs;

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

24.8 (4) the amount paid to others for tuition and transportation of a qualifying child attending  
 24.9 an elementary or secondary school situated in Minnesota, North Dakota, South Dakota,  
 24.10 Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory  
 24.11 attendance laws, which is not operated for profit, and which adheres to the provisions of  
 24.12 the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any  
 24.13 expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle; and

24.14 (5) fees charged for enrollment in a prekindergarten educational program, to the extent  
 24.15 not used to claim the credit under section 290.067.

24.16 For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3)  
 24.17 of the Internal Revenue Code, but is limited to children who have attained at least the age  
 24.18 of three during the taxable year.

24.19 For purposes of this section, "prekindergarten educational program" means:

24.20 (1) prekindergarten programs established by a school district under chapter 124D;

24.21 (2) preschools, nursery schools, and early childhood development programs licensed by  
 24.22 the Department of Human Services and accredited by the National Association for the  
 24.23 Education of Young Children or National Early Childhood Program Accreditation;

24.24 (3) Montessori programs affiliated with or accredited by the American Montessori  
 24.25 Society or American Montessori International; and

24.26 (4) child care programs provided by family day care providers holding a current early  
 24.27 childhood development credential approved by the commissioner of human services.

24.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 24.29 31, 2016.

24.30 Sec. 23. Minnesota Statutes 2016, section 290.0674, subdivision 2, is amended to read:

24.31 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ \$42,000,  
 24.32 the maximum credit allowed for a family is ~~\$1,000~~ \$1,500 multiplied by the number of



25.1 qualifying children in a prekindergarten educational program or in kindergarten through  
25.2 grade 12 in the family. The maximum credit for families with one qualifying child in  
25.3 kindergarten through grade 12 is reduced by \$1 for each \$4 \$10 of household income over  
25.4 \$33,500, and the maximum credit for families with two or more qualifying children in  
25.5 kindergarten through grade 12 is reduced by \$2 for each \$4 of household income over  
25.6 \$33,500 \$42,000, but in no case is the credit less than zero.

25.7 For purposes of this section "income" has the meaning given in section 290.067,  
25.8 subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint income  
25.9 tax return is filed.

25.10 (b) For a nonresident or part-year resident, the credit determined under subdivision 1  
25.11 and the maximum credit amount in paragraph (a) must be allocated using the percentage  
25.12 calculated in section 290.06, subdivision 2c, paragraph (e).

25.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
25.14 31, 2016.

25.15 Sec. 24. Minnesota Statutes 2016, section 290.0674, is amended by adding a subdivision  
25.16 to read:

25.17 **Subd. 6. Inflation adjustment.** The income threshold at which the maximum credit  
25.18 begins to be reduced in subdivision 2 must be adjusted for inflation. The commissioner shall  
25.19 adjust the income threshold by the percentage determined pursuant to the provisions of  
25.20 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2016"  
25.21 shall be substituted for the word "1992." For 2018, the commissioner shall then determine  
25.22 the percent change from the 12 months ending on August 31, 2016, to the 12 months ending  
25.23 on August 31, 2017, and in each subsequent year, from the 12 months ending August 31,  
25.24 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The  
25.25 income threshold as adjusted for inflation must be rounded to the nearest \$10 amount. If  
25.26 the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The  
25.27 determination of the commissioner under this subdivision is not a rule under the  
25.28 Administrative Procedure Act.

25.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
25.30 31, 2016.

26.1 Sec. 25. Minnesota Statutes 2016, section 290.068, subdivision 1, is amended to read:

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

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

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

26.7 (2) the base amount; and

26.8 (b) ~~2.5~~ four percent on all of such excess expenses over \$2,000,000.

26.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
26.10 31, 2016.

26.11 Sec. 26. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

26.12 Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings  
26.13 given.

26.14 (a) "Qualified research expenses" means (i) qualified research expenses and basic research  
26.15 payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does  
26.16 not include expenses incurred for qualified research or basic research conducted outside  
26.17 the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and  
26.18 (ii) contributions to a nonprofit corporation established and operated pursuant to the  
26.19 provisions of chapter 317A for the purpose of promoting the establishment and expansion  
26.20 of business in this state, provided the contributions are invested by the nonprofit corporation  
26.21 for the purpose of providing funds for small, technologically innovative enterprises in  
26.22 Minnesota during the early stages of their development.

26.23 (b) "Qualified research" means qualified research as defined in section 41(d) of the  
26.24 Internal Revenue Code, except that the term does not include qualified research conducted  
26.25 outside the state of Minnesota.

26.26 (c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue  
26.27 Code, except that the average annual gross receipts must be calculated using Minnesota  
26.28 sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b)  
26.29 shall apply.

26.30 (d) "Liability for tax" means the liability for tax under this chapter, other than the tax  
26.31 under section 290.0922, reduced by the sum of the nonrefundable credits allowed under  
26.32 this chapter, but excluding any carryover credit under subdivision 3.

27.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
27.2 31, 2016.

27.3 Sec. 27. Minnesota Statutes 2016, section 290.068, subdivision 3, is amended to read:

27.4 Subd. 3. **Limitation; carryover.** (a) Except as provided in subdivision 6a, the credit ~~for~~  
27.5 ~~a taxable year beginning before January 1, 2010, and after December 31, 2012,~~ shall not  
27.6 exceed the liability for tax. For a person subject to tax under section 290.06, subdivision 1,  
27.7 "liability for tax" for purposes of this section means the sum of the tax imposed under section  
27.8 290.06, subdivisions 1 and 2c, for the taxable year reduced by the sum of the nonrefundable  
27.9 credits allowed under this chapter, includes the liability for tax on all of the entities required  
27.10 to be included on the combined report of the unitary business. If the amount of the credit  
27.11 allowed exceeds the liability for tax of the taxpayer, but is allowed as a result of the liability  
27.12 for tax of other members of the unitary group for the taxable year, the taxpayer must allocate  
27.13 the excess as a research credit to another member of the unitary group.

27.14 (b) In the case of a corporation which is a partner in a partnership, the credit allowed  
27.15 for the taxable year shall not exceed the lesser of the amount determined under paragraph  
27.16 (a) for the taxable year or an amount (separately computed with respect to the corporation's  
27.17 interest in the trade or business or entity) equal to the amount of tax attributable to that  
27.18 portion of taxable income which is allocable or apportionable to the corporation's interest  
27.19 in the trade or business or entity.

27.20 (c) If the amount of the credit determined under this section for any taxable year exceeds  
27.21 the limitation under paragraph (a) or (b), including amounts allowed as a refund under  
27.22 subdivision 6a, or allocated to other members of the unitary group, the excess shall be a  
27.23 research credit carryover to each of the 15 succeeding taxable years. The entire amount of  
27.24 the excess unused credit for the taxable year shall be carried first to the earliest of the taxable  
27.25 years to which the credit may be carried and then to each successive year to which the credit  
27.26 may be carried. The amount of the unused credit which may be added under this clause  
27.27 shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

27.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
27.29 31, 2016.

27.30 Sec. 28. Minnesota Statutes 2016, section 290.068, subdivision 6a, is amended to read:

27.31 Subd. 6a. **Credit to be refundable.** (a) If the amount of credit allowed in this section  
27.32 for qualified research expenses incurred in taxable years beginning after December 31,  
27.33 2009, and before January 1, 2013, exceeds the taxpayer's tax liability under this chapter,

28.1 the commissioner shall refund the excess amount. The credit allowed for qualified research  
28.2 expenses incurred in taxable years beginning after December 31, 2009, and before January  
28.3 1, 2013, must be used before any research credit earned under subdivision 3.

28.4 (b) The provisions of this paragraph apply to taxable years beginning after December  
28.5 31, 2016. A taxpayer is allowed a refund equal to the least of the following:

28.6 (1) \$100,000;

28.7 (2) the sum of the maximum refundable limits allocated to the taxpayer as a shareholder  
28.8 of an S corporation and as a partner of a partnership under paragraph (c) for the taxable  
28.9 year; or

28.10 (3) the excess of the amount of the credit allowed under this section for qualified research  
28.11 expenses incurred in the taxable year over the taxpayer's liability for tax, including after  
28.12 satisfying the tax liabilities of any other member of the unitary group under subdivision 3,  
28.13 paragraph (a).

28.14 (c) For an S corporation or partnership, a maximum refundable limit of \$100,000 applies  
28.15 at the entity level. The S corporation or partnership must allocate its maximum refundable  
28.16 limit to each of its shareholders or members for the taxable year. The allocation may be  
28.17 made in any manner provided in the organizational documents or any other executed  
28.18 agreement as of the last day of the taxable year. If no provision is made in those documents  
28.19 or by agreement, the allocation must be made in the same manner provided in subdivision  
28.20 4 for allocation of the credit. Within 60 days after the close of the taxable year, the S  
28.21 corporation or partnership must report to each shareholder or partner the allocated share of  
28.22 the maximum refundable limit for each shareholder or partner. The commissioner may  
28.23 require reporting, including the time and manner for reporting, of the allocated amounts to  
28.24 the commissioner.

28.25 (d) The excess of the amount allowed as a refund under this subdivision to the taxpayer  
28.26 is a carryover under subdivision 3.

28.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.28 31, 2016.

28.29 **Sec. 29. [290.0682] STUDENT LOAN CREDIT.**

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

29.1 (b) "Adjusted gross income" means federal adjusted gross income as defined in section  
29.2 62 of the Internal Revenue Code.

29.3 (c) "Earned income" has the meaning given in section 32(c) of the Internal Revenue  
29.4 Code.

29.5 (d) "Eligible individual" means a resident individual with one or more qualified education  
29.6 loans related to an undergraduate or graduate degree program at a postsecondary educational  
29.7 institution.

29.8 (e) "Eligible loan payments" means the amount the eligible individual paid during the  
29.9 taxable year in principal and interest on qualified education loans.

29.10 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary  
29.11 institution eligible for state student aid under section 136A.103 or, if the institution is not  
29.12 located in this state, a public or nonprofit postsecondary institution participating in the  
29.13 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law  
29.14 89-329, as amended.

29.15 (g) "Qualified education loan" has the meaning given in section 221 of the Internal  
29.16 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

29.17 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax  
29.18 due under this chapter.

29.19 (b) The credit for an eligible individual equals the least of:

29.20 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income  
29.21 in excess of \$10,000, but in no case less than zero;

29.22 (2) the earned income for the taxable year of the eligible individual, if any;

29.23 (3) the sum of:

29.24 (i) the interest portion of eligible loan payments made during the taxable year; and

29.25 (ii) ten percent of the original loan amount of all qualified education loans of the eligible  
29.26 individual; or

29.27 (4) \$750.

29.28 (c) For a part-year resident, the credit must be allocated based on the percentage calculated  
29.29 under section 290.06, subdivision 2c, paragraph (e).

29.30 (d) In the case of a married couple, each spouse is eligible for the credit in this section.

30.1 Subd. 3. **Credit refundable.** If the amount of credit that an individual is eligible to  
30.2 receive under this section exceeds the individual's tax liability under this chapter, the  
30.3 commissioner shall refund the excess to the individual.

30.4 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this section  
30.5 is appropriated to the commissioner from the general fund.

30.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
30.7 31, 2016.

30.8 **Sec. 30. [290.0683] MINNESOTA HOUSING TAX CREDIT.**

30.9 Subdivision 1. **Definitions.** For purposes of this section:

30.10 (1) "entity" means a partnership, limited liability company taxed as a partnership, S  
30.11 corporation, or property with multiple owners;

30.12 (2) "entity member" means a partner, member, shareholder, or owner;

30.13 (3) "taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer  
30.14 as defined in section 297I.01, subdivision 16; and

30.15 (4) terms defined in section 462A.39 have the meanings given in that section.

30.16 Subd. 2. **Credit allowed.** (a) A taxpayer is allowed a credit against the taxes imposed  
30.17 under this chapter and chapter 297I. The credit equals the amount allocated to the taxpayer  
30.18 and indicated on the eligibility statement issued to the taxpayer under section 462A.39,  
30.19 subdivision 3. The taxpayer may claim the amount allocated in the year in which the credit  
30.20 is allocated and in each of the five following taxable years.

30.21 (b) A taxpayer eligible for the credit must submit to the commissioner a copy of the  
30.22 eligibility statement issued by the agency or suballocator with respect to the qualified  
30.23 Minnesota project, a copy of the project owner's tax return that must be filed as required  
30.24 under chapter 289A, and any other information required by the commissioner.

30.25 (c) Credits granted to an entity are passed through to the entity members based on each  
30.26 entity member's share of the entity's assets or as specially allocated in the organizational  
30.27 documents as of the last day of the taxable year in which the eligibility statement was issued.  
30.28 If a Minnesota housing tax credit is allowed to an entity with multiple tiers of ownership,  
30.29 the credit is passed through to entity members pro rata or as specially allocated in the  
30.30 organizational documents as of the last day of the taxable year in which the eligibility  
30.31 statement was issued at each ownership tier.

31.1 Subd. 3. **Limitations; carryover.** (a) A credit allowed under this section may not exceed  
31.2 liability for tax under this chapter and chapter 297I.

31.3 (b) If the amount of the credit under this section exceeds the limitation under paragraph  
31.4 (a), the excess is a credit carryover to each of the 11 succeeding taxable years. The entire  
31.5 amount of the excess unused credit for the taxable year must be carried first to the earliest  
31.6 of the taxable years to which the credit may be carried and then to each successive year to  
31.7 which the credit may be carried.

31.8 (c) Credits under this subdivision apply against liability after any net operating loss  
31.9 carryover incorporated in the calculation of federal taxable income.

31.10 Subd. 4. **Audit powers.** Notwithstanding the eligibility statement issued by the agency  
31.11 or a suballocator under section 462A.38, the commissioner may utilize any audit and  
31.12 examination powers under chapter 270C or 289A to the extent necessary to verify that the  
31.13 taxpayer is eligible for the credit and to assess for the amount of any improperly claimed  
31.14 credit and that the owner is in compliance with the compliance agreement.

31.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
31.16 31, 2016.

31.17 Sec. 31. ~~[290.0684]~~ **SECTION 529 COLLEGE SAVINGS PLAN CREDIT.**

31.18 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
31.19 the meanings given to them.

31.20 (b) "Federal adjusted gross income" has the meaning given under section 62(a) of the  
31.21 Internal Revenue Code.

31.22 (c) "Qualified higher education expenses" has the meaning given in section 529 of the  
31.23 Internal Revenue Code.

31.24 Subd. 2. **Credit allowed.** (a) A credit is allowed to a resident individual against the tax  
31.25 imposed by this chapter. The credit is not allowed to an individual who is eligible to be  
31.26 claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code.

31.27 (b) The amount of the credit allowed equals 50 percent of the amount contributed in a  
31.28 taxable year to one or more accounts in plans qualifying under section 529 of the Internal  
31.29 Revenue Code, reduced by any withdrawals from accounts made during the taxable year.  
31.30 The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case  
31.31 is the credit less than zero.

32.1 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross  
32.2 income in excess of \$75,000.

32.3 (d) For married couples filing a joint return, the maximum credit is phased out as follows:

32.4 (1) for married couples with adjusted gross income in excess of \$75,000, but not more  
32.5 than \$100,000, the maximum credit is reduced by one percent of adjusted gross income in  
32.6 excess of \$75,000;

32.7 (2) for married couples with adjusted gross income in excess of \$100,000, but not more  
32.8 than \$135,000, the maximum credit is \$250; and

32.9 (3) for married couples with adjusted gross income in excess of \$135,000, the maximum  
32.10 credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

32.11 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum  
32.12 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds  
32.13 by the percentage determined under the provisions of section 1(f) of the Internal Revenue  
32.14 Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."  
32.15 For 2018, the commissioner shall then determine the percent change from the 12 months  
32.16 ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each  
32.17 subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending  
32.18 on August 31 of the year preceding the taxable year. The income thresholds as adjusted for  
32.19 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
32.20 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
32.21 subdivision is not subject to chapter 14, including section 14.386.

32.22 Subd. 3. **Credit refundable.** If the amount of credit that an individual is eligible to  
32.23 receive under this section exceeds the individual's tax liability under this chapter, the  
32.24 commissioner shall refund the excess to the individual.

32.25 Subd. 4. **Allocation.** For a part-year resident, the credit must be allocated based on the  
32.26 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

32.27 Subd. 5. **Revocation.** If an individual makes a withdrawal of contributions for a purpose  
32.28 other than to pay for qualified higher education expenses, then:

32.29 (1) contributions used to claim the credit are considered to be the first contributions  
32.30 withdrawn; and

32.31 (2) any credit allowed for the contributions is revoked and must be repaid by the  
32.32 individual in the taxable year in which the withdrawal is made.



33.1 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section  
33.2 is appropriated to the commissioner from the general fund.

33.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.4 31, 2016.

33.5 Sec. 32. Minnesota Statutes 2016, section 290.0685, subdivision 1, is amended to read:

33.6 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the  
33.7 tax imposed by this chapter equal to \$2,000 for each birth for which a certificate of birth  
33.8 resulting in stillbirth has been issued under section 144.2151. The credit under this section  
33.9 is allowed only in the taxable year in which the stillbirth occurred ~~and if the child would~~  
33.10 ~~have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue~~  
33.11 ~~Code.~~

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

33.14 (c) For purposes of this section, "eligible individual" means:

33.15 (1) the individual who gave birth to the child and who is also listed as a parent on the  
33.16 certificate of birth resulting in stillbirth; or

33.17 (2) if no individual meets the requirements of clause (1), then the first parent listed on  
33.18 the certificate of birth resulting in stillbirth.

33.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
33.20 after December 31, 2015.

33.21 Sec. 33. **[290.0686] CREDIT FOR ATTAINING MASTER'S DEGREE IN**  
33.22 **TEACHER'S LICENSURE FIELD.**

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

33.25 (b) "Master's degree program" means a graduate-level program at an accredited university  
33.26 leading to a master of arts or science degree in a core content area directly related to a  
33.27 qualified teacher's licensure field. The master's degree program may not include pedagogy  
33.28 or a pedagogy component. To be eligible under this credit, a licensed elementary school  
33.29 teacher must pursue and complete a master's degree program in a core content area in which  
33.30 the teacher provides direct classroom instruction.

33.31 (c) "Qualified teacher" means a person who:

34.1 (1) holds a teaching license issued by the licensing division in the Department of  
34.2 Education on behalf of the Minnesota Board of Teaching both when the teacher begins the  
34.3 master's degree program and when the teacher completes the master's degree program;

34.4 (2) began a master's degree program after June 30, 2017; and

34.5 (3) completes the master's degree program during the taxable year.

34.6 (d) "Core content area" means the academic subject of reading, English or language arts,  
34.7 mathematics, science, foreign languages, civics and government, economics, arts, history,  
34.8 or geography.

34.9 Subd. 2. **Credit allowed.** (a) An individual who is a qualified teacher is allowed a credit  
34.10 against the tax imposed under this chapter. The credit equals the lesser of \$2,500 or the  
34.11 amount the individual paid for tuition, fees, books, and instructional materials necessary to  
34.12 completing the master's degree program and for which the individual did not receive  
34.13 reimbursement from an employer or scholarship.

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

34.17 (c) A qualified teacher may claim the credit in this section only one time for each master's  
34.18 degree program completed in a core content area.

34.19 Subd. 3. **Credit refundable.** (a) If the amount of the credit for which an individual is  
34.20 eligible exceeds the individual's liability for tax under this chapter, the commissioner shall  
34.21 refund the excess to the individual.

34.22 (b) The amount necessary to pay the refunds required by this section is appropriated to  
34.23 the commissioner from the general fund.

34.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
34.25 31, 2016.

34.26 Sec. 34. **[290.0687] EMPLOYEE CREDIT FOR CERTAIN EMPLOYER-PROVIDED**  
34.27 **FITNESS FACILITY EXPENSES.**

34.28 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax  
34.29 imposed by this chapter for employer-provided fitness facility expenses. The credit equals  
34.30 \$2.50 for each qualifying month, and the maximum credit is \$30. In the case of a married  
34.31 couple filing a joint return, each spouse is eligible for the credit in this section. The credit  
34.32 may not exceed the liability for tax under this chapter.

35.1 (b) The credit is allowed to an individual whose employer either:

35.2 (1) pays a portion of any fees, dues, or membership expenses on behalf of the employee  
35.3 to a fitness facility; or

35.4 (2) reimburses the employee for direct payment of fees, dues, or membership expenses  
35.5 made by the employee to a fitness facility.

35.6 (c) For purposes of this section, "qualifying month" means a month in which an individual  
35.7 uses the fitness facility for the preservation, maintenance, encouragement, or development  
35.8 of physical fitness on at least eight days.

35.9 (d) For purposes of this section, "fitness facility" means a facility located in the state  
35.10 that:

35.11 (1) provides instruction in a program of physical exercise; offers facilities for the  
35.12 preservation, maintenance, encouragement, or development of physical fitness; or is the  
35.13 site of such a program of a state or local government;

35.14 (2) is not a private club owned and operated by its members;

35.15 (3) does not offer hunting, sailing, horseback riding, or outdoor golf facilities;

35.16 (4) does not have an overall function and purpose that makes the fitness facility incidental;

35.17 (5) is compliant with antidiscrimination laws under chapter 363A and applicable federal  
35.18 antidiscrimination laws; and

35.19 (6) is located off the employer's premises.

35.20 (e) The commissioner shall prescribe the form and manner in which eligibility for the  
35.21 credit is determined.

35.22 Subd. 2. **Limitation.** The credit under this section applies only if the employer's payment  
35.23 of fees, dues, or membership expenses to a fitness facility is available on substantially the  
35.24 same terms to each member of a group of employees defined under a reasonable classification  
35.25 by the employer, but no classification may include only highly compensated employees, as  
35.26 defined under section 414(q) of the Internal Revenue Code, or any other group that includes  
35.27 only executives, directors, or other managerial employees.

35.28 Subd. 3. **Nonresidents and part-year residents.** For a nonresident or part-year resident,  
35.29 the credit must be allocated based on the percentage calculated under section 290.06,  
35.30 subdivision 2c, paragraph (e).

36.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
36.2 31, 2017.

36.3 Sec. 35. **[290.0693] EQUITY AND OPPORTUNITY IN EDUCATION TAX CREDIT.**

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

36.6 (b) "Eligible student" means a student who:

36.7 (1) resides in Minnesota;

36.8 (2) is a member of a household that has total annual income during the year prior to  
36.9 initial receipt of a qualified scholarship, without consideration of the benefits under this  
36.10 program that does not exceed an amount equal to two times the income standard used to  
36.11 qualify for a reduced-price meal under the National School Lunch Program; and

36.12 (3) meets one of the following criteria:

36.13 (i) attended a school, as defined in section 120A.22, subdivision 4, in the semester  
36.14 preceding initial receipt of a qualified scholarship;

36.15 (ii) is younger than age seven and not enrolled in kindergarten or first grade in the  
36.16 semester preceding initial receipt of a qualified scholarship;

36.17 (iii) previously received a qualified scholarship under this section; or

36.18 (iv) lived in Minnesota for less than a year prior to initial receipt of a qualified  
36.19 scholarship.

36.20 (c) "Equity and opportunity in education donation" means a donation to a qualified  
36.21 foundation that awards qualified scholarships or makes qualified grants or to a qualified  
36.22 public school foundation.

36.23 (d) "Household" means household as used to determine eligibility under the National  
36.24 School Lunch Program.

36.25 (e) "National School Lunch Program" means the program in United States Code, title  
36.26 42, section 1758.

36.27 (f) "Qualified charter school" means a charter elementary or secondary school in  
36.28 Minnesota at which at least 30 percent of students qualify for a free or reduced-price meal  
36.29 under the National School Lunch Program.

37.1 (g) "Qualified foundation" means a nonprofit organization granted an exemption from  
37.2 the federal income tax under section 501(c)(3) of the Internal Revenue Code that has been  
37.3 approved as a qualified foundation by the commissioner of revenue under subdivision 5.

37.4 (h) "Qualified grant" means a grant from a qualified foundation to a qualified charter  
37.5 school for use in support of the school's mission of educating students in academics, arts,  
37.6 or athletics, including transportation.

37.7 (i) "Qualified public school foundation" means a qualified foundation formed for the  
37.8 primary purpose of supporting one or more public schools or school districts in Minnesota  
37.9 at which at least 30 percent of students qualify for a free or reduced-price meal under the  
37.10 National School Lunch Program.

37.11 (j) "Qualified scholarship" means a payment from a qualified foundation to or on behalf  
37.12 of the parent or guardian of an eligible student for payment of tuition for enrollment in  
37.13 grades kindergarten through 12 at a qualified school. A qualified scholarship must not  
37.14 exceed an amount greater than 70 percent of the state average general education revenue  
37.15 under section 126C.10, subdivision 1, per pupil unit.

37.16 (k) "Qualified school" means a school operated in Minnesota that is a nonpublic  
37.17 elementary or secondary school in Minnesota wherein a resident may legally fulfill the  
37.18 state's compulsory attendance laws that is not operated for profit, and that adheres to the  
37.19 provisions of United States Code, title 42, section 1981, and chapter 363A.

37.20 (l) "Total annual income" means the income measure used to determine eligibility under  
37.21 the National School Lunch Program.

37.22 Subd. 2. **Credit allowed.** (a) An individual or corporate taxpayer who has been issued  
37.23 a credit certificate under subdivision 3 is allowed a credit against the tax due under this  
37.24 chapter equal to 70 percent of the amount of the equity and opportunity donation made  
37.25 during the taxable year to the qualified foundation, including a qualified public school  
37.26 foundation, designated on the taxpayer's credit certificate. No credit is allowed if the taxpayer  
37.27 designates a specific child as the beneficiary of the contribution. No credit is allowed to a  
37.28 taxpayer for an equity and opportunity in education donation made before the taxpayer was  
37.29 issued a credit certificate as provided in subdivision 3.

37.30 (b) The maximum annual credit allowed is:

37.31 (1) \$21,000 for married joint filers for a one-year donation of \$30,000;

37.32 (2) \$10,500 for other individual filers for a one-year donation of \$15,000; and

37.33 (3) \$105,000 for corporate filers for a one-year donation of \$150,000.

38.1 (c) A taxpayer must provide a copy of the receipt provided by the qualified foundation  
38.2 when claiming the credit for the donation if requested by the commissioner.

38.3 (d) The credit is limited to the liability for tax under this chapter, including the tax  
38.4 imposed by sections 290.0921 and 290.0922.

38.5 (e) If the amount of the credit under this subdivision for any taxable year exceeds the  
38.6 limitations under paragraph (d), the excess is a credit carryover to each of the five succeeding  
38.7 taxable years. The entire amount of the excess unused credit for the taxable year must be  
38.8 carried first to the earliest of the taxable years to which the credit may be carried. The  
38.9 amount of the unused credit that may be added under this paragraph may not exceed the  
38.10 taxpayer's liability for tax, less the credit for the taxable year. No credit may be carried to  
38.11 a taxable year more than five years after the taxable year in which the credit was earned.

38.12 Subd. 3. **Application for credit certificate.** (a) The commissioner must make applications  
38.13 for tax credits for 2018 available on the department's Web site by January 1, 2018.  
38.14 Applications for subsequent years must be made available by January 1 of the taxable year.

38.15 (b) A taxpayer must apply to the commissioner for an equity and opportunity in education  
38.16 tax credit certificate. The application must be in the form and manner specified by the  
38.17 commissioner. The application must designate the qualified foundation to which the taxpayer  
38.18 intends to make a donation, and if the donation is for the purpose of awarding qualified  
38.19 scholarships, awarding qualified grants, or to a qualified public school foundation. The  
38.20 commissioner must begin accepting applications for a taxable year on January 1. The  
38.21 commissioner must issue tax credit certificates under this section on a first-come, first-served  
38.22 basis until the maximum statewide credit amounts have been reached. The certificates must  
38.23 list the qualified foundation, or the qualified public school foundation, the taxpayer designated  
38.24 on the application, and if the donation is to be used for awarding qualified scholarships,  
38.25 awarding qualified grants, or making expenditures in support of one or more public schools  
38.26 or school districts.

38.27 (c) The maximum statewide credit amount for tax credits for donations to qualified  
38.28 foundations for the purpose of awarding qualified scholarships is \$27,000,000 for taxable  
38.29 years beginning after December 31, 2017, and before January 1, 2019, and \$13,500,000 per  
38.30 taxable year for taxable years beginning after December 31, 2018.

38.31 (d) The maximum statewide credit amount for donations to qualified foundations for  
38.32 the purpose of awarding qualified grants and for donations to qualified public school  
38.33 foundations is \$3,000,000 for taxable years beginning after December 31, 2017, and before

39.1 January 1, 2019, and \$1,500,000 per taxable year for taxable years beginning after December  
39.2 31, 2018.

39.3 (e) Any portion of a taxable year's credits for which a tax credit certificate is not issued  
39.4 does not cancel and may be carried forward to subsequent taxable years.

39.5 (f) The commissioner must not issue a tax credit certificate for an amount greater than  
39.6 the limits in subdivision 2.

39.7 (g) The commissioner must not issue a credit certificate for an application that designates  
39.8 a qualified foundation that the commissioner has barred from participation as provided in  
39.9 subdivision 5.

39.10 Subd. 4. Responsibilities of qualified foundations. (a) An entity that is eligible to be  
39.11 a qualified foundation must apply to the commissioner by September 15 of the year preceding  
39.12 the year in which it will first receive donations that qualify for a credit under this section.  
39.13 The application must be in the form and manner prescribed by the commissioner. The  
39.14 application must:

39.15 (1) demonstrate to the commissioner that the entity is exempt from the federal income  
39.16 tax as an organization described in section 501(c)(3) of the Internal Revenue Code;

39.17 (2) demonstrate the entity's financial accountability by submitting its most recent audited  
39.18 financial statement prepared by a certified public accountant firm licensed under chapter  
39.19 326A using the Statements on Auditing Standards issued by the Audit Standards Board of  
39.20 the American Institute of Certified Public Accountants; and

39.21 (3) specify if the entity intends to award qualified scholarships, award qualified grants,  
39.22 or if the entity is a qualified public school foundation. An entity may award both qualified  
39.23 scholarships and qualified grants.

39.24 (b) A qualified foundation must provide to taxpayers who make donations or  
39.25 commitments to donate a receipt or verification on a form approved by the commissioner.

39.26 (c) A qualified foundation that awards qualified scholarships must:

39.27 (1) award qualified scholarships to eligible students;

39.28 (2) not restrict the availability of scholarships to students of one qualified school;

39.29 (3) not charge a fee of any kind for a child to be considered for a scholarship; and

39.30 (4) require a qualified school receiving payment of tuition through a scholarship funded  
39.31 by contributions qualifying for the tax credit under this section to sign an agreement that it  
39.32 will not use different admissions standards for a student with a qualified scholarship.

40.1 (d) A qualified foundation that awards qualified scholarships must, in each year it awards  
40.2 qualified scholarships to eligible students to enroll in a qualified school, obtain from the  
40.3 qualified school documentation that the school:

40.4 (i) complies with all health and safety laws or codes that apply to nonpublic schools;

40.5 (ii) holds a valid occupancy permit if required by its municipality;

40.6 (iii) certifies that it adheres to the provisions of chapter 363A and United States Code,  
40.7 title 42, section 1981; and

40.8 (iv) provides academic accountability to parents of students in the program by regularly  
40.9 reporting to the parents on the student's progress.

40.10 A qualified foundation must make the documentation available to the commissioner on  
40.11 request.

40.12 (e) A qualified foundation must, by June 1 of each year following a year in which it  
40.13 receives donations, provide the following information to the commissioner:

40.14 (1) financial information that demonstrates the financial viability of the qualified  
40.15 foundation, if it is to receive donations of \$150,000 or more during the year;

40.16 (2) documentation that it has conducted criminal background checks on all of its  
40.17 employees and board members and has excluded from employment or governance any  
40.18 individuals who might reasonably pose a risk to the appropriate use of contributed funds;

40.19 (3) consistent with paragraph (f), document that it has used amounts received as donations  
40.20 to provide qualified scholarships, to make qualified grants, or to make expenditures in  
40.21 support of one or more public schools or school districts, as specified on the tax credit  
40.22 certificates issued for the donations, within one calendar year of the calendar year in which  
40.23 it received the donation;

40.24 (4) if the qualified foundation awards qualified scholarships, a list of qualified schools  
40.25 that enrolled eligible students to whom the qualified foundation awarded qualified  
40.26 scholarships;

40.27 (5) if the qualified foundation makes qualified grants, a list of qualified charter schools  
40.28 to which the qualified foundation made qualified grants;

40.29 (6) if the qualified foundation is a qualified public school foundation, a list of expenditures  
40.30 made in support of the mission of one or more public schools or school districts of educating  
40.31 students in academics, arts, or athletics, including transportation; and



41.1 (7) the following information prepared by a certified public accountant regarding  
41.2 donations received in the previous calendar year:

41.3 (i) the total number and total dollar amount of donations received from taxpayers;

41.4 (ii) the dollar amount of donations used for administrative expenses, as allowed by  
41.5 paragraph (f);

41.6 (iii) if the qualified foundation awarded qualified scholarships, the total number and  
41.7 dollar amount of qualified scholarships awarded;

41.8 (iv) if the qualified foundation made qualified grants, the total number and dollar amount  
41.9 of qualified grants made; and

41.10 (v) if the qualified foundation is a qualified public school foundation, the total number  
41.11 and dollar amount of expenditures made in support of the mission of one or more public  
41.12 schools or school districts of educating students in academics, arts, or athletics, including  
41.13 transportation.

41.14 (f) The foundation may use up to five percent of the amounts received as donations for  
41.15 reasonable administrative expenses, including but not limited to fund-raising, scholarship  
41.16 tracking, and reporting requirements.

41.17 Subd. 5. **Responsibilities of commissioner.** (a) The commissioner must make  
41.18 applications for an entity to be approved as a qualified foundation for a taxable year available  
41.19 on the department's Web site by August 1 of the year preceding the taxable year. The  
41.20 commissioner must approve an application that provides the documentation required in  
41.21 subdivision 4, paragraph (a), clauses (1) to (3), within 60 days of receiving the application.  
41.22 The commissioner must notify a foundation that provides incomplete documentation and  
41.23 the foundation may resubmit its application within 30 days.

41.24 (b) By November 15 of each year, the commissioner must post on the department's Web  
41.25 site the names and addresses of qualified foundations for the next taxable year. For each  
41.26 qualified foundation, the list must indicate if the foundation intends to award qualified  
41.27 scholarships, award qualified grants, or is a qualified public school foundation. The  
41.28 commissioner must regularly update the names and addresses of any qualified foundations  
41.29 that have been barred from participating in the program.

41.30 (c) The commissioner must prescribe a standardized format for a receipt to be issued by  
41.31 a qualified foundation to a taxpayer to indicate the amount of a donation received and of a  
41.32 commitment to make a donation.

42.1 (d) The commissioner must prescribe a standardized format for qualified foundations  
42.2 to report the information required under subdivision 4, paragraph (e).

42.3 (e) The commissioner may conduct either a financial review or audit of a qualified  
42.4 foundation upon finding evidence of fraud or intentional misreporting. If the commissioner  
42.5 determines that the qualified foundation committed fraud or intentionally misreported  
42.6 information, the qualified foundation is barred from further program participation.

42.7 (f) If a qualified foundation fails to submit the documentation required under subdivision  
42.8 4, paragraph (e), by June 1, the commissioner must notify the qualified foundation by July  
42.9 1. A qualified foundation that fails to submit the required information by August 1 is barred  
42.10 from participation for the next taxable year.

42.11 (g) If a qualified foundation fails to comply with the requirements of subdivision 4,  
42.12 paragraph (e), the commissioner must by September 1 notify the qualified foundation that  
42.13 it has until November 1 to document that it has remedied its noncompliance. A qualified  
42.14 foundation that fails to document that it has remedied its noncompliance by November 1 is  
42.15 barred from participation for the next taxable year.

42.16 (h) A qualified foundation barred under paragraph (f) or (g) may become eligible to  
42.17 participate by submitting the required information in future years.

42.18 (i) Determinations of the commissioner under this subdivision are not considered rules  
42.19 and are not subject to the Administrative Procedures Act in chapter 14.

42.20 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
42.21 donations made and credits allowed in taxable years beginning after December 31, 2017.

42.22 **Sec. 36. [290.0803] SOCIAL SECURITY SUBTRACTION.**

42.23 (a) An individual is allowed a subtraction from federal taxable income equal to Social  
42.24 Security benefits to the extent included in federal taxable income. The subtraction under  
42.25 this section is reduced by the amount of provisional income over a threshold amount, but  
42.26 in no case is the subtraction less than zero. For married couples filing joint returns and  
42.27 surviving spouses the threshold is \$72,000. For all other filers the threshold is \$56,000.

42.28 (b) For purposes of this section, "provisional income" means modified adjusted gross  
42.29 income, as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the  
42.30 amount of Social Security benefits received during the taxable year.

42.31 (c) Notwithstanding the thresholds provided in paragraph (a), for taxable years beginning  
42.32 after December 31, 2016, and before January 1, 2019, the threshold for married couples

43.1 filing joint returns and surviving spouses is \$61,000 and the threshold for all other filers is  
43.2 \$46,500.

43.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.4 31, 2016.

43.5 Sec. 37. **[290.0804] SECTION 179 SUBTRACTION.**

43.6 Subdivision 1. **Current year section 179 allowance.** (a) In each of the five taxable  
43.7 years immediately following the taxable year in which an addition is required under section  
43.8 290.0131, subdivision 10, or its predecessor provisions, the current year allowance equals  
43.9 one-fifth of the addition made by the taxpayer under section 290.0131, subdivision 10.

43.10 (b) For a shareholder of an S corporation, the current year allowance is reduced by the  
43.11 positive value of any net operating loss under section 172 of the Internal Revenue Code  
43.12 generated for the taxable year of the addition and, if the net operating loss exceeds the  
43.13 addition for the taxable year, the current year allowance is zero.

43.14 (c) A taxpayer is allowed a current year section 179 allowance subtraction from federal  
43.15 taxable income under section 290.0132, subdivision 14, as determined under this subdivision.

43.16 Subd. 2. **Carryover section 179 allowance.** (a) For purposes of this subdivision, the  
43.17 current year allowance under subdivision 1 is the last modification allowed under section  
43.18 290.0132 in determining net income. If the amount allowed under subdivision 1 exceeds  
43.19 net income computed without regard to the current year allowance, then the excess is a  
43.20 carryover allowance in each of the ten succeeding taxable years. The entire amount of the  
43.21 carryover allowance is carried first to the earliest taxable year to which the carryover may  
43.22 be carried, and then to each succeeding year to which the carryover may be carried.

43.23 (b) If applying paragraph (a) to a taxable year beginning after December 31, 2013, and  
43.24 before January 1, 2017, would result in a carryover allowance in that year, the taxpayer may  
43.25 use the resulting amount as a carryover allowance starting in a taxable year beginning after  
43.26 December 31, 2016, and the first year of the ten-year period under paragraph (a) is taxable  
43.27 year 2017.

43.28 (c) A taxpayer is allowed a carryover section 179 allowance subtraction under section  
43.29 290.0132, subdivision 26, as determined under this subdivision.

43.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.31 31, 2016.

44.1 Sec. 38. Minnesota Statutes 2016, section 290.091, subdivision 2, is amended to read:

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

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

44.6 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
44.7 55(b)(2) of the Internal Revenue Code;

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

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

44.11 (ii) the medical expense deduction;

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

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

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

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

44.23 (5) to the extent not included in federal alternative minimum taxable income, the amount  
44.24 of interest income as provided by section 290.0131, subdivision 2; and

44.25 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

44.27 (1) interest income as defined in section 290.0132, subdivision 2;

44.28 (2) an overpayment of state income tax as provided by section 290.0132, subdivision 3,  
44.29 to the extent included in federal alternative minimum taxable income;

44.30 (3) the amount of investment interest paid or accrued within the taxable year on  
44.31 indebtedness to the extent that the amount does not exceed net investment income, as defined

45.1 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
45.2 in computing federal adjusted gross income;

45.3 (4) amounts subtracted from federal taxable income as provided by section 290.0132,  
45.4 subdivisions 7, 9 to 15, 17, ~~and 21~~, and 24 to 27; and

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

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

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

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

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

45.15 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income  
45.16 after subtracting the exemption amount determined under subdivision 3.

45.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.18 31, 2016.

45.19 Sec. 39. Minnesota Statutes 2016, section 291.005, subdivision 1, as amended by Laws  
45.20 2017, chapter 1, section 8, is amended to read:

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

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

45.25 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
45.26 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,  
45.27 increased by the value of any property in which the decedent had a qualifying income interest  
45.28 for life and for which an election was made under section 291.03, subdivision 1d, for  
45.29 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

45.30 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
45.31 as amended through December 16, 2016.

46.1 (4) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
46.2 excluding therefrom any property included in the estate which has its situs outside Minnesota,  
46.3 and (b) including any property omitted from the federal gross estate which is includable in  
46.4 the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

46.5 (5) "Nonresident decedent" means an individual whose domicile at the time of death  
46.6 was not in Minnesota.

46.7 (6) "Personal representative" means the executor, administrator or other person appointed  
46.8 by the court to administer and dispose of the property of the decedent. If there is no executor,  
46.9 administrator or other person appointed, qualified, and acting within this state, then any  
46.10 person in actual or constructive possession of any property having a situs in this state which  
46.11 is included in the federal gross estate of the decedent shall be deemed to be a personal  
46.12 representative to the extent of the property and the Minnesota estate tax due with respect  
46.13 to the property.

46.14 (7) "Resident decedent" means an individual whose domicile at the time of death was  
46.15 in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply  
46.16 to determinations of domicile under this chapter.

46.17 (8) "Situs of property" means, with respect to:

46.18 (i) real property, the state or country in which it is located;

46.19 (ii) tangible personal property, the state or country in which it was normally kept or  
46.20 located at the time of the decedent's death or for a gift of tangible personal property within  
46.21 three years of death, the state or country in which it was normally kept or located when the  
46.22 gift was executed;

46.23 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
46.24 Code, owned by a nonresident decedent and that is normally kept or located in this state  
46.25 because it is on loan to an organization, qualifying as exempt from taxation under section  
46.26 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
46.27 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

46.28 (iv) intangible personal property, the state or country in which the decedent was domiciled  
46.29 at death or for a gift of intangible personal property within three years of death, the state or  
46.30 country in which the decedent was domiciled when the gift was executed.

46.31 For a nonresident decedent with an ownership interest in a pass-through entity with  
46.32 assets that include real or tangible personal property, situs of the real or tangible personal  
46.33 property, including qualified works of art, is determined as if the pass-through entity does

47.1 not exist and the real or tangible personal property is personally owned by the decedent. If  
 47.2 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
 47.3 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
 47.4 share of the pass-through entity.

47.5 (9) "Pass-through entity" includes the following:

47.6 (i) an entity electing S corporation status under section 1362 of the Internal Revenue  
 47.7 Code;

47.8 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

47.9 (iii) a single-member limited liability company or similar entity, regardless of whether  
 47.10 it is taxed as an association or is disregarded for federal income tax purposes under Code  
 47.11 of Federal Regulations, title 26, section 301.7701-3; or

47.12 (iv) a trust to the extent the property is includible in the decedent's federal gross estate;  
 47.13 but excludes

47.14 (v) an entity whose ownership interest securities are traded on an exchange regulated  
 47.15 by the Securities and Exchange Commission as a national securities exchange under section  
 47.16 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

47.17 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 47.18 dying after December 31, 2016.

47.19 Sec. 40. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

47.20 Subd. 3. **Subtraction.** ~~The value of qualified small business property under section~~  
 47.21 ~~291.03, subdivision 9, and the value of qualified farm property under section 291.03,~~  
 47.22 ~~subdivision 10, or the result of \$5,000,000 minus the amount for the year of death listed in~~  
 47.23 ~~clauses (1) to (5), whichever is less, decedent's applicable federal exclusion amount under~~  
 47.24 ~~section 2010(c)(2) of the Internal Revenue Code~~ may be subtracted in computing the  
 47.25 Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero.

47.26 ~~(1) \$1,200,000 for estates of decedents dying in 2014;~~

47.27 ~~(2) \$1,400,000 for estates of decedents dying in 2015;~~

47.28 ~~(3) \$1,600,000 for estates of decedents dying in 2016;~~

47.29 ~~(4) \$1,800,000 for estates of decedents dying in 2017; and~~

47.30 ~~(5) \$2,000,000 for estates of decedents dying in 2018 and thereafter.~~

48.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 48.2 dying after December 31, 2016.

48.3 Sec. 41. Minnesota Statutes 2016, section 291.03, subdivision 1, is amended to read:

48.4 Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the  
 48.5 Minnesota taxable estate the following schedule of rates and then the resulting amount  
 48.6 multiplied by a fraction, not greater than one, the numerator of which is the value of the  
 48.7 Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause  
 48.8 (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus  
 48.9 the value of gifts under section 291.016, subdivision 2, clause (3):

48.10 ~~(a) For estates of decedents dying in 2014:~~

48.11 <del>Amount of Minnesota Taxable Estate</del>	48.11 <del>Rate of Tax</del>
48.12 <del>Not over \$1,200,000</del>	48.12 <del>None</del>
48.13 <del>Over \$1,200,000 but not over \$1,400,000</del>	48.13 <del>nine percent of the excess over \$1,200,000</del>
48.14 <del>Over \$1,400,000 but not over \$3,600,000</del>	48.14 <del>\$18,000 plus ten percent of the excess over \$1,400,000</del>
48.15 <del>Over \$3,600,000 but not over \$4,100,000</del>	48.15 <del>\$238,000 plus 10.4 percent of the excess over \$3,600,000</del>
48.16 <del>Over \$4,100,000 but not over \$5,100,000</del>	48.16 <del>\$290,000 plus 11.2 percent of the excess over \$4,100,000</del>
48.17 <del>Over \$5,100,000 but not over \$6,100,000</del>	48.17 <del>\$402,000 plus 12 percent of the excess over \$5,100,000</del>
48.18 <del>Over \$6,100,000 but not over \$7,100,000</del>	48.18 <del>\$522,000 plus 12.8 percent of the excess over \$6,100,000</del>
48.19 <del>Over \$7,100,000 but not over \$8,100,000</del>	48.19 <del>\$650,000 plus 13.6 percent of the excess over \$7,100,000</del>
48.20 <del>Over \$8,100,000 but not over \$9,100,000</del>	48.20 <del>\$786,000 plus 14.4 percent of the excess over \$8,100,000</del>
48.21 <del>Over \$9,100,000 but not over \$10,100,000</del>	48.21 <del>\$930,000 plus 15.2 percent of the excess over \$9,100,000</del>
48.22 <del>Over \$10,100,000</del>	48.22 <del>\$1,082,000 plus 16 percent of the excess over \$10,100,000</del>

48.32 ~~(b) For estates of decedents dying in 2015:~~

48.33 <del>Amount of Minnesota Taxable Estate</del>	48.33 <del>Rate of Tax</del>
48.34 <del>Not over \$1,400,000</del>	48.34 <del>None</del>
48.35 <del>Over \$1,400,000 but not over \$3,600,000</del>	48.35 <del>ten percent of the excess over \$1,400,000</del>
48.36 <del>Over \$3,600,000 but not over \$6,100,000</del>	48.36 <del>\$220,000 plus 12 percent of the excess over \$3,600,000</del>
48.37 <del>Over \$6,100,000 but not over \$7,100,000</del>	48.37 <del>\$520,000 plus 12.8 percent of the excess over \$6,100,000</del>
48.38 <del>Over \$7,100,000 but not over \$8,100,000</del>	48.38 <del>\$648,000 plus 13.6 percent of the excess over \$7,100,000</del>
48.39 <del>Over \$8,100,000 but not over \$9,100,000</del>	48.39 <del>\$784,000 plus 14.4 percent of the excess over \$8,100,000</del>



49.1	<del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$928,000 plus 15.2 percent of the excess over</del>
49.2		<del>\$9,100,000</del>
49.3	<del>Over \$10,100,000</del>	<del>\$1,080,000 plus 16 percent of the excess over</del>
49.4		<del>\$10,100,000</del>

49.5 (e) For estates of decedents dying in 2016:

49.6	Amount of Minnesota Taxable Estate	Rate of Tax
49.7	Not over \$1,600,000	None
49.8	Over \$1,600,000 but not over \$2,600,000	ten percent of the excess over \$1,600,000
49.9	Over \$2,600,000 but not over \$6,100,000	\$100,000 plus 12 percent of the excess over
49.10		\$2,600,000
49.11	Over \$6,100,000 but not over \$7,100,000	\$520,000 plus 12.8 percent of the excess over
49.12		\$6,100,000
49.13	Over \$7,100,000 but not over \$8,100,000	\$648,000 plus 13.6 percent of the excess over
49.14		\$7,100,000
49.15	Over \$8,100,000 but not over \$9,100,000	\$784,000 plus 14.4 percent of the excess over
49.16		\$8,100,000
49.17	Over \$9,100,000 but not over \$10,100,000	\$928,000 plus 15.2 percent of the excess over
49.18		\$9,100,000
49.19	Over \$10,100,000	\$1,080,000 plus 16 percent of the excess over
49.20		\$10,100,000

49.21 (d) For estates of decedents dying in 2017 and thereafter:

49.22	Amount of Minnesota Taxable Estate	Rate of Tax
49.23	Not over \$1,800,000	None
49.24	Over \$1,800,000 but not over \$2,100,000	ten percent of the excess over \$1,800,000
49.25	Over \$2,100,000 but not over \$5,100,000	\$30,000 plus 12 percent of the excess over
49.26		\$2,100,000
49.27	Over \$5,100,000 but not over \$7,100,000	\$390,000 plus 12.8 percent of the excess over
49.28		\$5,100,000
49.29	Over \$7,100,000 but not over \$8,100,000	\$646,000 plus 13.6 percent of the excess over
49.30		\$7,100,000
49.31	Over \$8,100,000 but not over \$9,100,000	\$782,000 plus 14.4 percent of the excess over
49.32		\$8,100,000
49.33	Over \$9,100,000 but not over \$10,100,000	\$926,000 plus 15.2 percent of the excess over
49.34		\$9,100,000
49.35	Over \$10,100,000	\$1,078,000 plus 16 percent of the excess over
49.36		\$10,100,000

49.37 (e) For estates of decedents dying in 2018 and thereafter:

49.38	Amount of Minnesota Taxable Estate	Rate of Tax
49.39	Not over <del>\$2,000,000</del> <u>\$7,100,000</u>	None <u>13 percent</u>
49.40	Over \$2,000,000 but not over \$2,600,000	ten percent of the excess over \$2,000,000
49.41	Over \$2,600,000 but not over \$7,100,000	\$60,000 plus 13 percent of the excess over
49.42		\$2,600,000
49.43	Over \$7,100,000 but not over \$8,100,000	<del>\$645,000</del> <u>\$923,000</u> plus 13.6 percent of the
49.44		excess over \$7,100,000
49.45	Over \$8,100,000 but not over \$9,100,000	<del>\$781,000</del> <u>\$1,059,000</u> plus 14.4 percent of the
49.46		excess over \$8,100,000

50.1 Over \$9,100,000 but not over \$10,100,000 ~~\$925,000~~ \$1,203,000 plus 15.2 percent of the  
 50.2 excess over \$9,100,000  
 50.3 Over \$10,100,000 ~~\$1,077,000~~ \$1,355,000 plus 16 percent of the  
 50.4 excess over \$10,100,000

50.5 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 50.6 dying after December 31, 2016.

50.7 Sec. 42. Minnesota Statutes 2016, section 297I.20, is amended by adding a subdivision  
 50.8 to read:

50.9 Subd. 4. **Minnesota housing tax credit.** An insurance company may claim a credit  
 50.10 against the premiums tax imposed under this chapter equal to the amount indicated on the  
 50.11 eligibility statement issued to the company under section 462A.39, subdivision 3. If the  
 50.12 amount of the credit exceeds the liability for tax under this chapter, the excess is a credit  
 50.13 carryover to each of the 11 succeeding taxable years. The entire amount of the excess unused  
 50.14 credit for the taxable year must be carried first to the earliest of the taxable years to which  
 50.15 the credit may be carried and then to each successive year to which the credit may be carried.  
 50.16 This credit does not affect the calculation of police and fire aid under section 69.021.

50.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 50.18 31, 2016.

50.19 Sec. 43. **[462A.39] MINNESOTA HOUSING TAX CREDIT.**

50.20 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 50.21 the meanings given unless the context clearly requires otherwise.

50.22 (b) "Compliance agreement" means an agreement:

50.23 (1) between the owner of a qualified Minnesota project and the agency or sublocator;

50.24 (2) that is recorded as an affordable housing restriction on the real property on which  
 50.25 the qualified Minnesota project is located; and

50.26 (3) that requires the project to be operated under the requirements of this section for the  
 50.27 compliance period.

50.28 The agreement may be subordinated to the lien of a bank or other institutional lender  
 50.29 providing financing to the qualified Minnesota project upon the request of the bank or  
 50.30 lender.

50.31 (c) "Compliance period" means the 15-year period beginning with the first taxable year  
 50.32 a credit is allowed under this section.

51.1 (d) "Eligibility statement" means a statement issued by the agency or suballocator to the  
51.2 owner certifying that a project is a qualified Minnesota project and documenting allocation  
51.3 of the Minnesota housing tax credit. The eligibility statement must specify the annual amount  
51.4 of the credit allocated to the project for the taxable year and for the five following taxable  
51.5 years and be in a form prescribed by the commissioner of the agency, in consultation with  
51.6 the commissioner of revenue.

51.7 (e) "Federal low-income housing tax credit" means the federal tax credit provided in  
51.8 section 42 of the Internal Revenue Code.

51.9 (f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan  
51.10 area as defined in section 473.121, subdivision 2.

51.11 (g) "Internal Revenue Code" has the meaning given in section 290.01, subdivision 31.

51.12 (h) "Minnesota credit period" means the six taxable years beginning in the taxable year  
51.13 in which a credit is allocated under subdivision 2.

51.14 (i) "Owner" means the owner of a qualified Minnesota project.

51.15 (j) "Qualified Minnesota project" means a low-income housing project that is:

51.16 (1) located in Minnesota;

51.17 (2) financed with tax-exempt bonds pursuant to section 42(i)(2) of the Internal Revenue  
51.18 Code;

51.19 (3) determined by the agency to be eligible for a federal low-income housing tax credit  
51.20 without regard to whether or not a federal low-income housing credit is allocated to the  
51.21 project; and

51.22 (4) a project for which the owner has entered into a compliance agreement with the  
51.23 agency or the suballocator that is enforceable by state and local agencies.

51.24 (k) "Suballocator" means an allocating agency, other than the agency, of low-income  
51.25 federal housing credits and credits under this section as provided in section 462A.222.

51.26 (l) "Taxpayer" has the meaning given in section 290.0683, subdivision 1.

51.27 (m) Terms not otherwise defined in this subdivision have the meanings given in section  
51.28 42 of the Internal Revenue Code.

51.29 Subd. 2. **Minnesota housing tax credit; allocation.** (a) The agency and all suballocators  
51.30 may annually allocate credits during a four-year period beginning January 1, 2017, and

52.1 ending December 31, 2020. The amount of credits that may be allocated each year is the  
 52.2 sum of:

52.3 (1) \$7,000,000; and

52.4 (2) any unused tax credits, if any, for the preceding calendar years.

52.5 (b) The agency shall allocate credits only to qualified Minnesota projects that the agency  
 52.6 determines:

52.7 (1) are eligible for the federal low-income housing tax credit; and

52.8 (2) are not financially feasible without the credit.

52.9 (c) The agency must allocate 50 percent of the total amount allocated to qualified  
 52.10 Minnesota projects in greater Minnesota.

52.11 (d) The agency may not allocate more than one credit to any one qualified Minnesota  
 52.12 project.

52.13 (e) The allocation to any one qualified Minnesota project equals one-sixth of the total  
 52.14 federal low-income housing tax credit allowable over the ten-year federal credit period,  
 52.15 without regard to whether the project was allowed a federal low-income housing tax credit.

52.16 Subd. 3. **Credit allowed.** When the agency or a suballocator allocates a credit amount  
 52.17 to the owner of a project, the agency or suballocator must issue an eligibility statement to  
 52.18 the owner. The owner may claim the amount allocated in each year of the Minnesota credit  
 52.19 period.

52.20 Subd. 4. **Credit duration.** Except for unused credits carried forward under section  
 52.21 290.0683, the agency may allocate a credit and issue an eligibility statement to a taxpayer  
 52.22 for a Minnesota housing tax credit for a project one time, with the credit allowed in each  
 52.23 year of the Minnesota credit period.

52.24 Subd. 5. **Recapture; repayment.** (a) If within the Minnesota credit period the agency  
 52.25 or suballocator finds that a qualified project issued an eligibility statement is not meeting  
 52.26 the terms of the compliance agreement, the owner must repay the following percentage of  
 52.27 the credit awarded to the project by the agency or the suballocator:

<u>Year of the</u>	<u>Percentage of credit required</u>
<u>compliance period:</u>	<u>to be repaid:</u>
<u>First</u>	<u>100 percent</u>
<u>Second</u>	<u>83 percent</u>
<u>Third</u>	<u>66 percent</u>

53.1	<u>Fourth</u>	<u>49 percent</u>
53.2	<u>Fifth</u>	<u>32 percent</u>
53.3	<u>Sixth and later</u>	<u>16 percent</u>

53.4 (b) No holder of the credit other than the owner is responsible for repayment of the  
 53.5 credit.

53.6 (c) Amounts repaid under this subdivision are credited to the general fund.

53.7 Subd. 6. **Data privacy.** Data related to Minnesota housing tax credits are nonpublic  
 53.8 data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except  
 53.9 that for each eligibility statement issued under subdivision 3 the location of the qualified  
 53.10 Minnesota housing project is public.

53.11 Subd. 7. **Report.** (a) By January 15 of each year following a year in which the agency  
 53.12 allocates a credit under this section, the agency shall submit a written report to the chairs  
 53.13 and ranking minority members of the legislative committees with jurisdiction over housing  
 53.14 and taxes, in compliance with sections 3.195 and 3.197, on the success and efficiency of  
 53.15 the Minnesota housing tax credit program.

53.16 (b) The report must:

53.17 (1) specify the number of qualified Minnesota projects that were allocated tax credits  
 53.18 in the year and the total number of housing units supported in each project;

53.19 (2) provide descriptive information about each qualified Minnesota housing project that  
 53.20 was allocated credits, including:

53.21 (i) the geographic location of the project; and

53.22 (ii) demographic information about residents intended to be served by the project,  
 53.23 including household type, income levels, and rents or set-asides; and

53.24 (3) provide housing market and demographic information that demonstrates how the  
 53.25 qualified Minnesota projects that were allocated tax credits address the need for affordable  
 53.26 housing in the communities they serve as well as information about any remaining disparities  
 53.27 in affordability of housing in those communities.

53.28 **EFFECTIVE DATE.** This section is effective the day following final enactment with  
 53.29 credit allocations allowed for taxable years beginning after December 31, 2016.

53.30 Sec. 44. **[462D.01] CITATION.**

53.31 This chapter may be cited as the "First-Time Home Buyer Savings Account Act."

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

54.2 Sec. 45. **[462D.02] DEFINITIONS.**

54.3 Subdivision 1. **Definitions.** For purposes of this chapter, the following terms have the  
54.4 meanings given.

54.5 Subd. 2. **Account holder.** "Account holder" means an individual who establishes,  
54.6 individually or jointly with one or more other individuals, a first-time home buyer savings  
54.7 account.

54.8 Subd. 3. **Allowable closing costs.** "Allowable closing costs" means a disbursement listed  
54.9 on a settlement statement for the purchase of a single-family residence in Minnesota by a  
54.10 qualified beneficiary.

54.11 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of revenue.

54.12 Subd. 5. **Eligible costs.** "Eligible costs" means the down payment and allowable closing  
54.13 costs for the purchase of a single-family residence in Minnesota by a qualified beneficiary.  
54.14 Eligible costs include paying for the cost of construction of or financing the construction  
54.15 of a single-family residence.

54.16 Subd. 6. **Financial institution.** "Financial institution" means a bank, bank and trust,  
54.17 trust company with banking powers, savings bank, savings association, or credit union,  
54.18 organized under the laws of this state, any other state, or the United States; an industrial  
54.19 loan and thrift under chapter 53 or the laws of another state and authorized to accept deposits;  
54.20 or a money market mutual fund registered under the federal Investment Company Act of  
54.21 1940 and regulated under rule 2a-7, promulgated by the Securities and Exchange Commission  
54.22 under that act.

54.23 Subd. 7. **First-time home buyer.** "First-time home buyer" means an individual, and if  
54.24 married, the individual's spouse, who has no present ownership interest in a principal  
54.25 residence during the three-year period ending on the earlier of:

54.26 (1) the date of the purchase of the single-family residence funded, in part, with proceeds  
54.27 from the first-time home buyer savings account; or

54.28 (2) the close of the taxable year for which a subtraction is claimed under sections  
54.29 290.0132 and 462D.06.

54.30 Subd. 8. **First-time home buyer savings account.** "First-time home buyer savings  
54.31 account" or "account" means an account with a financial institution that an account holder  
54.32 designates as a first-time home buyer savings account, as provided in section 462D.03, to

55.1 pay or reimburse eligible costs for the purchase of a single-family residence by a qualified  
55.2 beneficiary.

55.3 Subd. 9. **Internal Revenue Code.** "Internal Revenue Code" has the meaning given in  
55.4 section 290.01.

55.5 Subd. 10. **Principal residence.** "Principal residence" has the meaning given in section  
55.6 121 of the Internal Revenue Code.

55.7 Subd. 11. **Qualified beneficiary.** "Qualified beneficiary" means a first-time home buyer  
55.8 who is a Minnesota resident and is designated as the qualified beneficiary of a first-time  
55.9 home buyer savings account by the account holder.

55.10 Subd. 12. **Single-family residence.** "Single-family residence" means a single-family  
55.11 residence located in this state and owned and occupied by or to be occupied by a qualified  
55.12 beneficiary as the qualified beneficiary's principal residence, which may include a  
55.13 manufactured home, trailer, mobile home, condominium unit, townhome, or cooperative.

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

55.15 Sec. 46. **[462D.03] ESTABLISHMENT OF ACCOUNTS.**

55.16 Subdivision 1. **Accounts established.** An individual may open an account with a financial  
55.17 institution and designate the account as a first-time home buyer savings account to be used  
55.18 to pay or reimburse the designated qualified beneficiary's eligible costs.

55.19 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
55.20 a first-time home buyer as the qualified beneficiary of the account by April 15 of the year  
55.21 following the taxable year in which the account was established. The account holder may  
55.22 be the qualified beneficiary. The account holder may change the designated qualified  
55.23 beneficiary at any time, but no more than one qualified beneficiary may be designated for  
55.24 an account at any one time. For purposes of the one beneficiary restriction, a married couple  
55.25 qualifies as one beneficiary. Changing the designated qualified beneficiary of an account  
55.26 does not affect computation of the ten-year period under section 462D.06, subdivision 2.

55.27 (b) The commissioner shall establish a process for account holders to notify the state  
55.28 that permits recording of the account, the account holder or holders, any transfers under  
55.29 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
55.30 This may be done upon filing the account holder's income tax return or in any other way  
55.31 the commissioner determines to be appropriate.

56.1 Subd. 3. **Joint account holders.** An individual may jointly own a first-time home buyer  
56.2 account with another person if the joint account holders file a married joint income tax  
56.3 return.

56.4 Subd. 4. **Multiple accounts.** (a) An individual may be the account holder of more than  
56.5 one first-time home buyer savings account, but must not hold or own multiple accounts that  
56.6 designate the same qualified beneficiary.

56.7 (b) An individual may be designated as the qualified beneficiary on more than one  
56.8 first-time home buyer savings account.

56.9 Subd. 5. **Contributions.** Only cash may be contributed to a first-time home buyer savings  
56.10 account. Individuals other than the account holder may contribute to an account. No limitation  
56.11 applies to the amount of contributions that may be made to or retained in a first-time home  
56.12 buyer savings account.

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

56.14 Sec. 47. **[462D.04] ACCOUNT HOLDER RESPONSIBILITIES.**

56.15 Subdivision 1. **Expenses; reporting.** The account holder must:

56.16 (1) not use funds in a first-time home buyer savings account to pay expenses of  
56.17 administering the account, except that a service fee may be deducted from the account by  
56.18 the financial institution in which the account is held; and

56.19 (2) submit to the commissioner, in the form and manner required by the commissioner:

56.20 (i) detailed information regarding the first-time home buyer savings account, including  
56.21 a list of transactions for the account during the taxable year and the Form 1099 issued by  
56.22 the financial institution for the account for the taxable year; and

56.23 (ii) upon withdrawal of funds from the account, a detailed account of the eligible costs  
56.24 for which the account funds were expended and a statement of the amount of funds remaining  
56.25 in the account, if any.

56.26 Subd. 2. **Transfers.** An account holder may withdraw funds, in whole or part, from a  
56.27 first-time home buyer savings account and deposit the funds in another first-time home  
56.28 buyer savings account held by a different financial institution or the same financial institution.

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



57.1 Sec. 48. **[462D.05] FINANCIAL INSTITUTIONS.**

57.2 (a) A financial institution is not required to take any action to ensure compliance with  
57.3 this chapter, including to:

57.4 (1) designate an account, designate qualified beneficiaries, or modify the financial  
57.5 institution's account contracts or systems in any way;

57.6 (2) track the use of money withdrawn from a first-time home buyer savings account;

57.7 (3) allocate funds in a first-time home buyer savings account among joint account holders  
57.8 or multiple qualified beneficiaries; or

57.9 (4) report any information to the commissioner or any other government that is not  
57.10 otherwise required by law.

57.11 (b) A financial institution is not responsible or liable for:

57.12 (1) determining or ensuring that an account satisfies the requirements of this chapter or  
57.13 that its funds are used for eligible costs; or

57.14 (2) reporting or remitting taxes or penalties related to the use of a first-time home buyer  
57.15 savings account.

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

57.17 Sec. 49. **[462D.06] SUBTRACTION; ADDITION; ADDITIONAL TAX.**

57.18 Subdivision 1. **Subtraction.** (a) An account holder is allowed a subtraction from federal  
57.19 taxable income equal to the sum of:

57.20 (1) the amount the individual contributed to a first-time home buyer savings account  
57.21 during the taxable year not to exceed \$5,000, or \$10,000 for a married couple filing a joint  
57.22 return; and

57.23 (2) interest or dividends earned on the first-time home buyer savings account during the  
57.24 taxable year.

57.25 (b) The subtraction under paragraph (a) is allowed each year in which a contribution is  
57.26 made for the ten taxable years including and following the taxable year in which the account  
57.27 was established. The total subtraction for all taxable years and for all first-time home buyer  
57.28 accounts established by the individual for a qualified beneficiary is limited to \$50,000. No  
57.29 person other than the account holder who deposits funds in a first-time home buyer savings  
57.30 account is allowed a subtraction under this section.

58.1 Subd. 2. **Addition.** (a) An account holder must add to federal taxable income the sum  
58.2 of the following amounts:

58.3 (1) any amount withdrawn from a first-time home buyer savings account during the  
58.4 taxable year and used neither to pay eligible costs nor for a transfer permitted under section  
58.5 462D.04, subdivision 2; and

58.6 (2) any amount remaining in the first-time home buyer savings account at the close of  
58.7 the tenth taxable year after the taxable year in which the account was established.

58.8 (b) For an account that received a transfer under section 462D.04, subdivision 2, the  
58.9 ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year  
58.10 that applies to either account under that clause.

58.11 Subd. 3. **Additional tax.** The account holder is liable for an additional tax equal to ten  
58.12 percent of the addition under subdivision 2 for the taxable year. This amount must be added  
58.13 to the amount due under section 290.06. The tax under this subdivision does not apply to:

58.14 (1) a withdrawal because of the account holder's or designated qualified beneficiary's  
58.15 death or disability; and

58.16 (2) a disbursement of assets of the account under federal bankruptcy law.

58.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
58.18 31, 2016.

58.19 Sec. 50. **RECAPTURE TAX; EMINENT DOMAIN.**

58.20 The tax under Minnesota Statutes, section 291.03, subdivision 11, does not apply to  
58.21 acquisition of title or possession of the qualified property by a federal, state, or local  
58.22 government unit, or any other entity with the power of eminent domain for a public purpose,  
58.23 as defined in Minnesota Statutes, section 117.025, subdivision 11, within the three-year  
58.24 holding period.

58.25 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
58.26 dying after June 30, 2011, and before January 1, 2017.

58.27 Sec. 51. **REPEALER.**

58.28 (a) Minnesota Statutes 2016, sections 289A.10, subdivision 1a; 289A.12, subdivision  
58.29 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; and 291.03, subdivisions 8, 9, 10,  
58.30 and 11, are repealed.

58.31 (b) Minnesota Statutes 2016, section 290.067, subdivision 2, is repealed.

59.1 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for estates of decedents  
 59.2 dying after December 31, 2016. Paragraph (b) is effective for taxable years beginning after  
 59.3 December 31, 2016.

## 59.4 **ARTICLE 2**

### 59.5 **PROPERTY TAX**

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

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

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

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

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

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

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

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

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

59.22 Notwithstanding any other law to the contrary, a county levying a tax under section  
 59.23 103C.331 shall not include any taxes levied under those authorities in the levy certified  
 59.24 under section 275.07, subdivision 1, paragraph (a). A county levying under section 103C.331  
 59.25 shall separately certify that amount, and the auditor shall extend that levy as a special taxing  
 59.26 district levy under sections 275.066 and 275.07, subdivision 1, paragraph (b).

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

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

60.2 Subd. 23. **Secondary liquid agricultural chemical containment facilities.** Secondary  
60.3 containment tanks, cache basins, and that portion of the structure needed for the containment  
60.4 facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3,  
60.5 as required by the commissioner of agriculture under chapter 18B or 18C, berms used by  
60.6 a reseller to contain agricultural chemical spills from primary storage containers and prevent  
60.7 runoff or leaching of liquid agricultural chemicals as defined in section 18D.01, subdivision  
60.8 3, are exempt. For purposes of this subdivision, "reseller" means a person licensed by the  
60.9 commissioner of agriculture under section 18B.316 or 18C.415.

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

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

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

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

60.19 (2) the program participants receive no compensation; and

60.20 (3) it is located:

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

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

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

60.28 Use of the property for advanced skills training of incumbent workers does not disqualify  
60.29 the property for the exemption under this subdivision. This exemption includes up to five  
60.30 acres of the land on which the building is located and associated parking areas on that land,  
60.31 except that if the building meets the requirements of clause (3), item (iii), then the exemption  
60.32 includes up to ten acres of land on which the building is located and associated parking

61.1 areas on that land. If a parking area associated with the facility is used for the purposes of  
 61.2 the facility and for other purposes, a portion of the parking area shall be exempt in proportion  
 61.3 to the square footage of the facility used for purposes of apprenticeship training.

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

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

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

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

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

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

61.17 (5) be located outside the metropolitan area as defined under section 473.121, subdivision  
 61.18 2; and

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

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

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

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

61.28 **272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

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

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

62.2 (2) is rented by the entity for noncommercial seasonal-recreational ~~or~~<sub>2</sub> noncommercial  
62.3 seasonal-recreational residential use; ~~and~~, or class 1c commercial seasonal-recreational  
62.4 residential use.

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

62.7 (b) Lands owned by the federal government and rented for noncommercial  
62.8 seasonal-recreational ~~or~~<sub>2</sub> noncommercial seasonal-recreational residential, or class 1c  
62.9 commercial seasonal-recreational residential use are exempt from taxation, including the  
62.10 tax under section 273.19.

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

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

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

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

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

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

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

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

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

- 63.1 (2) constructed within the same calendar year as the wind energy conversion system;  
 63.2 and  
 63.3 (3) under common ownership.

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

63.6 (c) In making a determination under paragraph (b), the commissioner of commerce may  
 63.7 determine that two wind energy conversion systems are under common ownership when  
 63.8 the underlying ownership structure contains ~~similar~~ the same persons or entities, even if the  
 63.9 ownership shares differ between the two systems. Wind energy conversion systems are not  
 63.10 under common ownership solely because the same person or entity provided equity financing  
 63.11 for the systems. Wind energy conversion systems that were determined by the commissioner  
 63.12 of commerce to be eligible for a renewable energy production incentive under section  
 63.13 216C.41 are not under common ownership unless a change in the qualifying owner was  
 63.14 made to an owner of another wind energy conversion system subsequent to the determination  
 63.15 by the commissioner of commerce.

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

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

63.18 **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

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

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

63.25 (b) The part conveyed appears within the area of application of municipal or county  
 63.26 subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision  
 63.27 1; and

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

63.30 Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision  
 63.31 1, the county auditor may transfer or divide the land and its net tax capacity and may certify

64.1 the instrument if the instrument contains a certification by the clerk of the municipality or  
64.2 designated county planning official:

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

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

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

64.10 (b) If any of the conditions for certification by the municipality or county as provided  
64.11 in this subdivision exist and the municipality or county does not certify that they exist within  
64.12 24 hours after the instrument of conveyance has been presented to the clerk of the  
64.13 municipality or designated county planning official, the provisions of subdivision 1 do not  
64.14 apply.

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

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

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

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

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

64.28 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
64.29 is owned by a corporation or association organized under chapter 308A or 308B, and each  
64.30 person who owns a share or shares in the corporation or association is entitled to occupy a  
64.31 lot within the park, the corporation or association may claim homestead treatment for the



65.1 park. Each lot must be designated by legal description or number, and each lot is limited to  
 65.2 not more than one-half acre of land.

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

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

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

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

65.15 (d) "Homestead treatment" under this subdivision means the classification rate provided  
 65.16 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
 65.17 (5), item (ii)-, and the homestead market value exclusion under section 273.13, subdivision  
 65.18 35, does not apply ~~and the property taxes assessed against the park shall not be included in~~  
 65.19 ~~the determination of taxes payable for rent paid under section 290A.03.~~

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

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

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

65.26 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
 65.27 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
 65.28 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
 65.29 taxes are paid under sections 477A.11 to 477A.14;

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

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

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

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

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

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

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

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

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

66.24 (5) neither the owner nor the person actively farming the agricultural property lives  
66.25 farther than four townships or cities, or a combination of four townships or cities, from the  
66.26 agricultural property, except that if the owner or the owner's spouse is required to live in  
66.27 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
66.28 the agricultural property, may live more than four townships or cities, or combination of  
66.29 four townships or cities from the agricultural property.

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

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

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

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

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

67.14        (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
67.15 holding a vested remainder interest in it must be classified as a homestead under section  
67.16 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
67.17 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
67.18 interests who are actively engaged in farming the property, and up to one acre of the land  
67.19 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
67.20 must also be assessed class 2a.

67.21        (e) Agricultural land and buildings that were class 2a homestead property under section  
67.22 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
67.23 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

68.6 (f) Agricultural land and buildings that were class 2a homestead property under section  
68.7 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
68.8 agricultural homesteads for subsequent assessments if:

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

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

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

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

68.17 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
68.18 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
68.19 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
68.20 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
68.21 are not required if the property continues to meet all the requirements in this paragraph and  
68.22 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

69.28 (i) Agricultural land and buildings that were class 2a homestead property under section  
69.29 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
69.30 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

70.13 (j) Agricultural land and buildings that were class 2a homestead property under section  
70.14 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
70.15 agricultural homesteads for subsequent assessments if:

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

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

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

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

70.24 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
70.25 and the owner furnishes the assessor any information deemed necessary by the assessor in  
70.26 verifying the change in dwelling. Further notifications to the assessor are not required if the  
70.27 property continues to meet all the requirements in this paragraph and any dwellings on the  
70.28 agricultural land remain uninhabited.

70.29 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
70.30 2018.

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

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

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

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

71.10 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
71.11 operating a family farm in which the grantor or the grantor's surviving spouse is a  
71.12 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
71.13 or partner of the corporation, joint farm venture, limited liability company, or partnership  
71.14 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
71.15 including undivided government lots and correctional 40's, and a shareholder, member, or  
71.16 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
71.17 joint farm venture, limited liability company, or partnership.

71.18 (d) A person who has received homestead classification for property taxes payable in  
71.19 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
71.20 occupy the property as that person's homestead and who continues to use the property as a  
71.21 homestead; or, a person who received the homestead classification for taxes payable in 2005  
71.22 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
71.23 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
71.24 in 2005.

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

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

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

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

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

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

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

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

72.15 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
 72.16 2018.

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

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

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

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

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



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

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

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

73.9 (2) the unit is affixed to the land by a permanent foundation or is installed at its location  
73.10 in accordance with the Manufactured Home Building Code contained in sections 327.31 to  
73.11 327.34, and the rules adopted under those sections, or is affixed to the land like other real  
73.12 property in the taxing district; and

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

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

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

73.24 (f) A storage shed, deck, or similar improvement constructed on property that is leased  
73.25 or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer  
73.26 is taxable as provided in this section. In the case of property that is leased or rented as a site  
73.27 for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered  
73.28 personal property under this paragraph is taxable only if its total estimated market value is  
73.29 over ~~\$1,000~~ \$10,000. The property is taxable as personal property to the lessee of the site  
73.30 if it is not owned by the owner of the site. The property is taxable as real estate if it is owned  
73.31 by the owner of the site. As a condition of permitting the owner of the manufactured home,  
73.32 sectional structure, park trailer, or travel trailer to construct improvements on the leased or  
73.33 rented site, the owner of the site must obtain the permanent home address of the lessee or

74.1 user of the site. The site owner must provide the name and address to the assessor upon  
74.2 request.

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

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

74.9 The first \$500,000 of market value of class 1a property has a net classification rate of  
74.10 one percent of its market value; and the market value of class 1a property that exceeds  
74.11 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

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

75.1 (c) Class 1c property is commercial use real and personal property that abuts public  
75.2 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
75.3 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
75.4 occupancy for recreational purposes but not devoted to commercial purposes for more than  
75.5 250 days in the year preceding the year of assessment, and that includes a portion used as  
75.6 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
75.7 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
75.8 resort, or a member of a limited liability company that owns the resort ~~even if,~~ whether the  
75.9 title to the homestead is held by the corporation, partnership, or limited liability company,  
75.10 or by a shareholder of a corporation who owns the resort, a partner in a partnership who  
75.11 owns the resort, or a member of a limited liability company who owns the resort. For  
75.12 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
75.13 if any portion of the property, excluding the portion used exclusively as a homestead, is  
75.14 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
75.15 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
75.16 condominium, townhouse, sleeping room, or individual camping site equipped with water  
75.17 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
75.18 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
75.19 or cross-country ski equipment; provide marina services, launch services, or guide services;  
75.20 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
75.21 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
75.22 for class 1c even though it may remain available for rent. A camping pad offered for rent  
75.23 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
75.24 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
75.25 the same owner owns two separate parcels that are located in the same township, and one  
75.26 of those properties is classified as a class 1c property and the other would be eligible to be  
75.27 classified as a class 1c property if it was used as the homestead of the owner, both properties  
75.28 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
75.29 deemed to be owned by the same owner if each of them is owned by a limited liability  
75.30 company, and both limited liability companies have the same membership. The portion of  
75.31 the property used as a homestead is class 1a property under paragraph (a). The remainder  
75.32 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
75.33 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
75.34 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
75.35 percent. Owners of real and personal property devoted to temporary and seasonal residential  
75.36 occupancy for recreation purposes in which all or a portion of the property was devoted to

76.1 commercial purposes for not more than 250 days in the year preceding the year of assessment  
76.2 desiring classification as class 1c, must submit a declaration to the assessor designating the  
76.3 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
76.4 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
76.5 the land on which they are located must be designated as class 1c as otherwise provided.  
76.6 The remainder of the cabins or units and a proportionate share of the land on which they  
76.7 are located must be designated as class 3a commercial. The owner of property desiring  
76.8 designation as class 1c property must provide guest registers or other records demonstrating  
76.9 that the units for which class 1c designation is sought were not occupied for more than 250  
76.10 days in the year preceding the assessment if so requested. The portion of a property operated  
76.11 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
76.12 other nonresidential facility operated on a commercial basis not directly related to temporary  
76.13 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

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

76.29 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
76.30 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
76.31 2a land under the same ownership. The market value of the house and garage and immediately  
76.32 surrounding one acre of land has the same classification rates as class 1a or 1b property  
76.33 under subdivision 22. The value of the remaining land including improvements up to the

77.1 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
77.2 percent of market value. The remaining property over the first tier has a classification rate  
77.3 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
77.4 limit of agricultural homestead property" and "first tier" means the limit certified under  
77.5 section 273.11, subdivision 23.

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

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

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

77.26 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
77.27 acres statewide per taxpayer that is being managed under a forest management plan that  
77.28 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
77.29 management incentive program. It has a classification rate of .65 percent, provided that the  
77.30 owner of the property must apply to the assessor in order for the property to initially qualify  
77.31 for the reduced rate and provide the information required by the assessor to verify that the  
77.32 property qualifies for the reduced rate. If the assessor receives the application and information  
77.33 before May 1 in an assessment year, the property qualifies beginning with that assessment  
77.34 year. If the assessor receives the application and information after April 30 in an assessment  
77.35 year, the property may not qualify until the next assessment year. The commissioner of

78.1 natural resources must concur that the land is qualified. The commissioner of natural  
78.2 resources shall annually provide county assessors verification information on a timely basis.  
78.3 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
78.4 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

78.11 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
78.12 storage of agricultural products for sale, or the storage of machinery or equipment used in  
78.13 support of agricultural production by the same farm entity. For a property to be classified  
78.14 as agricultural based only on the drying or storage of agricultural products, the products  
78.15 being dried or stored must have been produced by the same farm entity as the entity operating  
78.16 the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest  
78.17 in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation  
78.18 Reserve Program as contained in Public Law 99-198 or a similar local, state, or federal  
78.19 conservation program if the property was classified as agricultural (i) under this subdivision  
78.20 for taxes payable in 2003 because of its enrollment in a qualifying program and the land  
78.21 remains enrolled or (ii) in the year prior to its enrollment. For purposes of this section, a  
78.22 local conservation program means a program administered by a town, statutory or home  
78.23 rule charter city, or county, including a watershed district, water management organization,  
78.24 or soil and water conservation district, in which landowners voluntarily enroll land and  
78.25 receive incentive payments in exchange for use or other restrictions placed on the land.  
78.26 Agricultural classification shall not be based upon the market value of any residential  
78.27 structures on the parcel or contiguous parcels under the same ownership.

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

78.31 (f) Agricultural land under this section also includes:

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

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

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

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

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

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

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

79.18 Classification under this subdivision is not determinative for qualifying under section  
79.19 273.111.

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

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

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

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

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

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

80.3 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
80.4 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
80.5 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
80.6 birds were raised or used for breeding stock on the property during the preceding year and  
80.7 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
80.8 shooting preserve licensed under section 97A.115;

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

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

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

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

80.16 (1) wholesale and retail sales;

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

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

80.19 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
80.20 (3),

80.21 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
80.22 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

80.23 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
80.24 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
80.25 products are grown that is also used for the conduct of retail sales must be classified as  
80.26 agricultural if it is primarily used for the growing of horticultural or nursery products from  
80.27 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
80.28 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
80.29 products does not qualify as an agricultural purpose.

80.30 (k) The assessor shall determine and list separately on the records the market value of  
80.31 the homestead dwelling and the one acre of land on which that dwelling is located. If any



81.1 farm buildings or structures are located on this homesteaded acre of land, their market value  
81.2 shall not be included in this separate determination.

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

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

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

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

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

81.23 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
81.24 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
81.25 located in a county that has elected to opt-out of the aggregate preservation program as  
81.26 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
81.27 market value. To qualify for classification under this paragraph, the property must be at  
81.28 least ten contiguous acres in size and the owner of the property must record with the county  
81.29 recorder of the county in which the property is located an affidavit containing:

81.30 (1) a legal description of the property;

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

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

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

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

82.11 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
82.12 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
82.13 day any aggregate is removed stating the number of acres of the property that is actively  
82.14 being mined. The acres actively being mined must be (1) valued and classified under  
82.15 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
82.16 resource preservation property tax program under section 273.1115, if the land was enrolled  
82.17 in that program. Copies of the original affidavit and all supplemental affidavits must be  
82.18 filed with the county assessor, the local zoning administrator, and the Department of Natural  
82.19 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
82.20 time a subsequent portion of the property is actively mined, provided that the minimum  
82.21 acreage change is five acres, even if the actual mining activity constitutes less than five  
82.22 acres.

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

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

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

82.28 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units  
82.29 and used or held for use by the owner or by the tenants or lessees of the owner as a residence  
82.30 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a  
82.31 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt  
82.32 under section 272.02, and contiguous property used for hospital purposes, without regard

83.1 to whether the property has been platted or subdivided. The market value of class 4a property  
83.2 has a classification rate of 1.25 percent.

83.3 (b) Class 4b includes:

83.4 (1) residential real estate containing less than four units that does not qualify as class  
83.5 4bb, other than seasonal residential recreational property;

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

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

83.9 (4) unimproved property that is classified residential as determined under subdivision  
83.10 33.

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

83.12 (c) Class 4bb includes:

83.13 (1) nonhomestead residential real estate containing one unit, other than seasonal  
83.14 residential recreational property, ~~and a single family dwelling, garage;~~<sup>2</sup>

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

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

83.19 Class 4bb property has the same classification rates as class 1a property under subdivision  
83.20 22.

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

83.24 (d) Class 4c property includes:

83.25 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
83.26 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
83.27 for not more than 250 days in the year preceding the year of assessment. For purposes of  
83.28 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
83.29 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
83.30 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
83.31 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site

84.1 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
84.2 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
84.3 under this clause regardless of the term of the rental agreement, as long as the use of the  
84.4 camping pad does not exceed 250 days. In order for a property to be classified under this  
84.5 clause, either (i) the business located on the property must provide recreational activities,  
84.6 at least 40 percent of the annual gross lodging receipts related to the property must be from  
84.7 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
84.8 bookings by lodging guests during the year must be for periods of at least two consecutive  
84.9 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
84.10 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
84.11 and must be located in a township or a city with a population of 2,500 or less located outside  
84.12 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
84.13 of a state trail administered by the Department of Natural Resources. For purposes of item  
84.14 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
84.15 property also includes commercial use real property used exclusively for recreational  
84.16 purposes in conjunction with other class 4c property classified under this clause and devoted  
84.17 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
84.18 two acres, provided the property is not devoted to commercial recreational use for more  
84.19 than 250 days in the year preceding the year of assessment and is located within two miles  
84.20 of the class 4c property with which it is used. In order for a property to qualify for  
84.21 classification under this clause, the owner must submit a declaration to the assessor  
84.22 designating the cabins or units occupied for 250 days or less in the year preceding the year  
84.23 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
84.24 share of the land on which they are located must be designated class 4c under this clause  
84.25 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
84.26 the land on which they are located will be designated as class 3a. The owner of property  
84.27 desiring designation as class 4c property under this clause must provide guest registers or  
84.28 other records demonstrating that the units for which class 4c designation is sought were not  
84.29 occupied for more than 250 days in the year preceding the assessment if so requested. The  
84.30 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
84.31 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
84.32 directly related to temporary and seasonal residential occupancy for recreation purposes  
84.33 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
84.34 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
84.35 ski equipment; providing marina services, launch services, or guide services; or selling bait  
84.36 and fishing tackle;

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

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

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

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

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

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

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

85.18 For purposes of this clause:

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

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

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

85.28 (D) "revenue-producing activities" shall include but not be limited to property or that  
85.29 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt  
85.30 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling  
85.31 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an

86.1 insurance business, or office or other space leased or rented to a lessee who conducts a  
86.2 for-profit enterprise on the premises.

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

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

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

86.17 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
86.18 manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured  
86.19 home parks as defined in section 327.14, subdivision 3, that are described in section 273.124,  
86.20 subdivision 3a;

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

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

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

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

86.30 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
86.31 filed by the new owner with the assessor of the county where the property is located within  
86.32 60 days of the sale;

87.1 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
87.2 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

87.20 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
87.21 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
87.22 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
87.23 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
87.24 of its annual gross receipts from business conducted during four consecutive months. Gross  
87.25 receipts from the sale of alcoholic beverages must be included in determining the property's  
87.26 qualification under item (ii). The property's primary business must be as a restaurant and  
87.27 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
87.28 Owners of real property desiring 4c classification under this clause must submit an annual  
87.29 declaration to the assessor by February 1 of the current assessment year, based on the  
87.30 property's relevant information for the preceding assessment year;

87.31 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
87.32 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
87.33 and devoted to recreational use for marina services. The marina owner must annually provide

88.1 evidence to the assessor that it provides services, including lake or river access to the public  
88.2 by means of an access ramp or other facility that is either located on the property of the  
88.3 marina or at a publicly owned site that abuts the property of the marina. No more than 800  
88.4 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
88.5 a marina for marina services, including but not limited to buildings used to provide food  
88.6 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
88.7 as class 3a property; and

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

88.10 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
88.11 each parcel of noncommercial seasonal residential recreational property under clause (12)  
88.12 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
88.13 under clause (5), item (i), have the same classification rate as class 4b property, and the  
88.14 market value of manufactured home parks assessed under clause (5), item (ii), has a  
88.15 classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied  
88.16 by shareholders in the cooperative corporation or association and a classification rate of  
88.17 one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal  
88.18 residential recreational property and marina recreational land as described in clause (11),  
88.19 has a classification rate of one percent for the first \$500,000 of market value, and 1.25  
88.20 percent for the remaining market value, (iv) the market value of property described in clause  
88.21 (4) has a classification rate of one percent, (v) the market value of property described in  
88.22 clauses (2), (6), and (10) has a classification rate of 1.25 percent, ~~and~~ (vi) that portion of  
88.23 the market value of property in clause (9) qualifying for class 4c property has a classification  
88.24 rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is  
88.25 owned or operated by a congressionally chartered veterans organization has a classification  
88.26 rate of one percent. The commissioner of veterans affairs must provide a list of  
88.27 congressionally chartered veterans organizations to the commissioner of revenue by June  
88.28 30, 2017, and by January 1, 2018, and each year thereafter.

88.29 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
88.30 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
88.31 the units in the building qualify as low-income rental housing units as certified under section  
88.32 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
88.33 in the building qualify for class 4d. The remaining portion of the building shall be classified  
88.34 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
88.35 the qualifying low-income rental housing units are to the total units in the building. For all



89.1 properties qualifying as class 4d, the market value determined by the assessor must be based  
89.2 on the normal approach to value using normal unrestricted rents.

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

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

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

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

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

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

89.30 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
89.31 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
89.32 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
89.33 shall carry over to the benefit of the veteran's spouse for the current taxes payable year and

90.1 for eight additional taxes payable years or until such time as the spouse remarries, or sells,  
90.2 transfers, or otherwise disposes of the property, whichever comes first. Qualification under  
90.3 this paragraph requires an ~~annual~~ application under paragraph (h), and a spouse must notify  
90.4 the assessor if there is a change in the spouse's marital status, ownership of the property, or  
90.5 use of the property as a permanent residence.

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

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

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

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

90.23 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
90.24 apply to the assessor by July 1 ~~of each assessment year, except that an annual reapplication~~  
90.25 ~~is not required once a property has been accepted for a valuation exclusion under paragraph~~  
90.26 ~~(a) and qualifies for the benefit described in paragraph (b), clause (2), and the property~~  
90.27 ~~continues to qualify until there is a change in ownership~~ of the first assessment year for  
90.28 which the exclusion is sought. For an application received after July 1 ~~of any calendar year,~~  
90.29 the exclusion shall become effective for the following assessment year. Except as provided  
90.30 in paragraph (c), the owner of a property that has been accepted for a valuation exclusion  
90.31 must notify the assessor if there is a change in ownership of the property or in the use of  
90.32 the property as a homestead.

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

91.1 (j) For purposes of this subdivision:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

92.1 Sec. 17. [274.132] PROPERTY OVERVALUED.

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

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

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

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

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

92.22 EFFECTIVE DATE. This section is effective for appeals, orders, and abatements in  
 92.23 2018 and thereafter.

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

92.25 Subdivision 1. Levy amount. The state general levy is levied against  
 92.26 commercial-industrial property and seasonal residential recreational property, as defined  
 92.27 in this section. The state general levy base amount is \$592,000,000 for commercial-industrial  
 92.28 property is \$713,050,000 for taxes payable in 2002 2018 and thereafter. For taxes payable  
 92.29 in subsequent years, the levy base amount is increased each year by multiplying the levy  
 92.30 base amount for the prior year by the sum of one plus the rate of increase, if any, in the  
 92.31 implicit price deflator for government consumption expenditures and gross investment for  
 92.32 state and local governments prepared by the Bureau of Economic Analysts of the United  
 92.33 States Department of Commerce for the 12-month period ending March 31 of the year prior

93.1 ~~to the year the taxes are payable.~~ The state general levy for seasonal-recreational property  
 93.2 is \$43,130,000 for taxes payable in 2018 and thereafter. The tax under this section is not  
 93.3 treated as a local tax rate under section 469.177 and is not the levy of a governmental unit  
 93.4 under chapters 276A and 473F.

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

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

93.11 (2) an erroneous calculation by the commissioner; and

93.12 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 93.13 residential recreational property reported on the abstracts of tax lists submitted under section  
 93.14 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89  
 93.15 for the same year.

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

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

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

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

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

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

93.27 (3) property described in section 473.625.

93.28 County commercial-industrial tax capacity amounts are not adjusted for the captured  
 93.29 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,  
 93.30 the net tax capacity of transmission lines deducted from a local government's total net tax  
 93.31 capacity under section 273.425, or fiscal disparities contribution and distribution net tax  
 93.32 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures

94.1 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and  
 94.2 (2), shall apply in determining the portion of a property eligible to be considered within the  
 94.3 first \$200,000 of market value.

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

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

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

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

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

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

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

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

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

94.25 (b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2)  
 94.26 the municipality's net fiscal disparities contribution in excess of eight percent of its total  
 94.27 taxable net tax capacity; provided, however, that the distribution may not exceed the tax  
 94.28 under this section imposed on taxpayers within the municipality.

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

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

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

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

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

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

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

95.11 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

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

- 95.14 (1) watershed districts under chapter 103D;
- 95.15 (2) sanitary districts under sections 442A.01 to 442A.29;
- 95.16 (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- 95.17 (4) regional public library districts under section 134.201;
- 95.18 (5) park districts under chapter 398;
- 95.19 (6) regional railroad authorities under chapter 398A;
- 95.20 (7) hospital districts under sections 447.31 to 447.38;
- 95.21 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 95.22 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 95.23 (10) regional development commissions under sections 462.381 to 462.398;
- 95.24 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 95.25 (12) port authorities under sections 469.048 to 469.068;
- 95.26 (13) economic development authorities under sections 469.090 to 469.1081;
- 95.27 (14) Metropolitan Council under sections 473.123 to 473.549;
- 95.28 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;

96.1 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

96.2 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter  
96.3 437, section 1;

96.4 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

96.5 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections  
96.6 1 to 6;

96.7 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,  
96.8 section 39;

96.9 (21) Middle Mississippi River Watershed Management Organization under sections  
96.10 103B.211 and 103B.241;

96.11 (22) emergency medical services special taxing districts under section 144F.01;

96.12 (23) a county levying under the authority of section 103B.241, 103B.245, ~~or~~ 103B.251,  
96.13 or 103C.331;

96.14 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home  
96.15 under Laws 2003, First Special Session chapter 21, article 4, section 12;

96.16 (25) an airport authority created under section 360.0426; and

96.17 (26) any other political subdivision of the state of Minnesota, excluding counties, school  
96.18 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the  
96.19 county auditor, as determined by the commissioner of revenue.

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

96.21 Subd. 3. ~~United States Postal Service postmark~~ **Proof of timely payment.** The  
96.22 postmark or registration mark of the United States Postal Service qualifies as proof of timely  
96.23 mailing ~~for this section. If the payment is sent by United States registered mail, the date of~~  
96.24 ~~registration is the postmark date. If the payment is sent by United States certified mail, the~~  
96.25 ~~date of the United States Postal Service postmark on the receipt given to the person presenting~~  
96.26 ~~the payment for delivery is the date of mailing.~~ Mailing, or the time of mailing, may also  
96.27 be established by a delivery service's records or other available evidence ~~except that.~~ The  
96.28 postmark of a private postage meter or internet stamp may not be used as proof of a timely  
96.29 mailing made under this section.



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

97.2 Subdivision 1. **Due dates; penalties.** ~~Except as provided in subdivisions 3 to 5, on May~~  
97.3 ~~16 or 21 days after the postmark date on the envelope containing the property tax statement,~~  
97.4 ~~whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real~~  
97.5 ~~estate on the current lists in the hands of the county treasurer. The (a) When the taxes against~~  
97.6 ~~any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May~~  
97.7 ~~16, and the remaining one-half must be paid prior to the following October 16. If either tax~~  
97.8 ~~amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead~~  
97.9 ~~property until May 31 and four percent on nonhomestead property. If complete payment~~  
97.10 ~~has not been made by the first day of the month following either due date, an additional~~  
97.11 ~~penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four~~  
97.12 ~~percent until May 31 homestead property and eight four percent on June 1. This penalty~~  
97.13 ~~does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope~~  
97.14 ~~containing the property tax statements, whichever is later, on commercial use real property~~  
97.15 ~~used for seasonal residential recreational purposes and classified as class 1e or 4e, and on~~  
97.16 ~~other commercial use real property classified as class 3a, provided that over 60 percent of~~  
97.17 ~~the gross income earned by the enterprise on the class 3a property is earned during the~~  
97.18 ~~months of May, June, July, and August. In order for the first half of the tax due on class 3a~~  
97.19 ~~property to be paid after May 15 and before June 1, or 21 days after the postmark date on~~  
97.20 ~~the envelope containing the property tax statement, whichever is later, without penalty, the~~  
97.21 ~~owner of the property must attach an affidavit to the payment attesting to compliance with~~  
97.22 ~~the income provision of this subdivision nonhomestead property is imposed. Thereafter,~~  
97.23 ~~for both homestead and nonhomestead property, on the first day of each subsequent month~~  
97.24 ~~beginning July 1, up to and including October 1 following through December, an additional~~  
97.25 ~~penalty of one percent for each month accrues and is charged on all such unpaid taxes~~  
97.26 ~~provided that if the due date was extended beyond May 15 as the result of any delay in~~  
97.27 ~~mailing property tax statements no additional penalty shall accrue if the tax is paid by the~~  
97.28 ~~extended due date. If the tax is not paid by the extended due date, then all penalties that~~  
97.29 ~~would have accrued if the due date had been May 15 shall be charged. When the taxes~~  
97.30 ~~against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21~~  
97.31 ~~days after the postmark date on the envelope containing the property tax statement, whichever~~  
97.32 ~~is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time~~  
97.33 ~~prior to October 16 following, without penalty; but, if not so paid, then a penalty of two~~  
97.34 ~~percent accrues thereon for homestead property and a penalty of four percent on~~  
97.35 ~~nonhomestead property. Thereafter, for homestead property, on the first day of November~~  
97.36 ~~an additional penalty of four percent accrues and on the first day of December following,~~

98.1 ~~an additional penalty of two percent accrues and is charged on all such unpaid taxes.~~  
98.2 ~~Thereafter, for nonhomestead property, on the first day of November and December~~  
98.3 ~~following, an additional penalty of four percent for each month accrues and is charged on~~  
98.4 ~~all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after~~  
98.5 ~~the postmark date on the envelope containing the property tax statement, whichever is later,~~  
98.6 ~~the same may be paid at any time prior to October 16, with accrued penalties to the date of~~  
98.7 ~~payment added, and thereupon no penalty attaches to the remaining one-half until October~~  
98.8 ~~16 following the penalty must not exceed eight percent in the case of homestead property,~~  
98.9 ~~or 12 percent in the case of nonhomestead property.~~

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

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

98.17 (d) For commercial use real property used for seasonal residential recreational purposes  
98.18 and classified as class 1c or 4c, and on other commercial use real property classified as class  
98.19 3a, provided that over 60 percent of the gross income earned by the enterprise on the class  
98.20 3a property is earned during the months of May, June, July, and August, the first half  
98.21 payment is due prior to June 1. For a class 3a property to qualify for the later due date, the  
98.22 owner of the property must attach an affidavit to the payment attesting to compliance with  
98.23 the income requirements of this paragraph.

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

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

98.29 (g) The county treasurer may accept payments of more or less than the exact amount of  
98.30 a tax installment due. Payments must be applied first to the oldest installment that is due  
98.31 but which has not been fully paid. If the accepted payment is less than the amount due,  
98.32 payments must be applied first to the penalty accrued for the year or the installment being  
98.33 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum

99.1 payment required as a condition for filing an appeal under section 278.03 or any other law,  
99.2 nor does it affect the order of payment of delinquent taxes under section 280.39.

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

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

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

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

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

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

99.19 Subd. 3. **Agricultural property.** ~~(a) In the case of class 1b agricultural homestead, class~~  
99.20 ~~2a agricultural homestead property, and class 2a agricultural nonhomestead property, and~~  
99.21 ~~class 2b rural vacant land, no penalties shall attach to the second one-half property tax~~  
99.22 ~~payment as provided in this section if paid by November 15. Thereafter for class 1b~~  
99.23 ~~agricultural homestead and class 2a homestead property, on November 16 following, a~~  
99.24 ~~penalty of six percent shall accrue and be charged on all such unpaid taxes and on December~~  
99.25 ~~1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter~~  
99.26 ~~for class 2a agricultural nonhomestead property, on November 16 following, a penalty of~~  
99.27 ~~eight percent shall accrue and be charged on all such unpaid taxes and on December 1~~  
99.28 ~~following, an additional four percent shall be charged on all such unpaid taxes, penalties~~  
99.29 ~~shall attach as provided in subdivision 1.~~

99.30 If the owner of class 1b agricultural homestead or class 2a agricultural property receives  
99.31 a consolidated property tax statement that shows only an aggregate of the taxes and special  
99.32 assessments due on that property and on other property not classified as class 1b agricultural

100.1 homestead or class 2a agricultural property, the aggregate tax and special assessments shown  
100.2 due on the property by the consolidated statement will be due on November 15.

100.3 ~~(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b~~  
100.4 ~~property that was subject to a second-half due date of November 15 for taxes payable in~~  
100.5 ~~2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of~~  
100.6 ~~those that would apply as if the second-half due date were November 15.~~

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

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

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

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

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

100.18 **281.17 PERIOD FOR OF REDEMPTION.**

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

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

100.24 ~~The period of redemption for homesteaded lands as defined in section 273.13, subdivision~~  
100.25 ~~22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6,~~  
100.26 ~~section 4, and sold to the state at a tax judgment sale is three years from the date of sale.~~

100.27 (b) The period of redemption for all lands located in a targeted neighborhood community  
100.28 as defined in Laws 1987, chapter 386, article 6, section 4 section 469.201, subdivision 10,  
100.29 except homesteaded lands as defined in section 273.13, subdivision 22, is one year from  
100.30 the date of sale.

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

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

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

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

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

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

101.31 Subd. 3. **Summons and complaint.** Any city, county, housing and redevelopment  
101.32 authority, port authority, or economic development authority in which the property is located  
101.33 may commence an action in district court to reduce the period otherwise allowed for

102.1 redemption under this chapter from the date of the requested order. The action must be  
102.2 commenced by the filing of a complaint, naming as defendants the record fee owners or the  
102.3 owner's personal representative, or the owner's heirs as determined by a court of competent  
102.4 jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the  
102.5 taxpayers as shown on the records of the county auditor, the Internal Revenue Service of  
102.6 the United States and the revenue department of the state of Minnesota if tax liens against  
102.7 the owners or contract for deed purchasers have been recorded or filed, and any other person  
102.8 the plaintiff determines should be made a party. The action shall be filed in district court  
102.9 for the county in which the property is located. The complaint must identify the property  
102.10 by legal description. The complaint must allege (1) that the property is vacant, (2) that the  
102.11 tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the  
102.12 time for redemption has not been given.

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

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

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

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

102.28 Subdivision 1. Limited right of entry. If premises described in a real estate tax judgment  
102.29 sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county  
102.30 auditor may, but is not obligated to, enter the premises to protect the premises from waste  
102.31 or trespass until the county auditor is notified that the premises are occupied. An affidavit  
102.32 of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing  
102.33 the premises and stating that the premises are vacant and unoccupied is prima facie evidence

103.1 of the facts stated in the affidavit. If the affidavit contains a legal description of the premises,  
103.2 the affidavit may be recorded in the office of the county recorder or the registrar of titles in  
103.3 the county where the premises are located.

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

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

103.7 (2) board windows; and

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

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

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

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

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

103.21 Subd. 4. **Sale; method; requirements; effects.** (a) The sale authorized under  
103.22 subdivision 3 must be conducted by the county auditor at the county seat of the county in  
103.23 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be  
103.24 conducted in any county facility within the county. The sale must not be for less than the  
103.25 appraised value except as provided in subdivision 7a. The parcels must be sold for cash  
103.26 only, unless the county board of the county has adopted a resolution providing for their sale  
103.27 on terms, in which event the resolution controls with respect to the sale. When the sale is  
103.28 made on terms other than for cash only (1) a payment of at least ten percent of the purchase  
103.29 price must be made at the time of purchase, and the balance must be paid in no more than  
103.30 ten equal annual installments, or (2) the payments must be made in accordance with county  
103.31 board policy, but in no event may the board require more than 12 installments annually,  
103.32 and the contract term must not be for more than ten years. Standing timber or timber products  
103.33 must not be removed from these lands until an amount equal to the appraised value of all

104.1 standing timber or timber products on the lands at the time of purchase has been paid by  
104.2 the purchaser. If a parcel of land bearing standing timber or timber products is sold at public  
104.3 auction for more than the appraised value, the amount bid in excess of the appraised value  
104.4 must be allocated between the land and the timber in proportion to their respective appraised  
104.5 values. In that case, standing timber or timber products must not be removed from the land  
104.6 until the amount of the excess bid allocated to timber or timber products has been paid in  
104.7 addition to the appraised value of the land. The purchaser is entitled to immediate possession,  
104.8 subject to the provisions of any existing valid lease made in behalf of the state.

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

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

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

104.28 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the  
104.29 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the  
104.30 commissioner of revenue such information relating to such sale, on such forms as the  
104.31 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
104.32 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is  
104.33 on terms; and not later than October 31 of each year the county auditor shall submit to the  
104.34 commissioner of revenue a statement of all instances wherein any payment of principal,



105.1 interest, or current taxes on lands held under certificate, due or to be paid during the preceding  
105.2 calendar years, are still outstanding at the time such certificate is made. When such statement  
105.3 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue  
105.4 may instruct the county board of the county in which the land is located to cancel said  
105.5 certificate of sale in the manner provided by subdivision 5, provided that upon  
105.6 recommendation of the county board, and where the circumstances are such that the  
105.7 commissioner of revenue after investigation is satisfied that the purchaser has made every  
105.8 effort reasonable to make payment of both the annual installment and said taxes, and that  
105.9 there has been no willful neglect on the part of the purchaser in meeting these obligations,  
105.10 then the commissioner of revenue may extend the time for the payment for such period as  
105.11 the commissioner may deem warranted, not to exceed one year. On payment in full of the  
105.12 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the  
105.13 attorney general, shall be issued by the commissioner of revenue, which conveyance must  
105.14 be recorded by the county and shall have the force and effect of a patent from the state  
105.15 subject to easements and restrictions of record at the date of the tax judgment sale, including,  
105.16 but without limitation, permits for telephone and electric power lines either by underground  
105.17 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for  
105.18 gas, liquids, or solids in suspension.

105.19 (b) The commissioner of revenue shall issue an appropriate conveyance in fee upon the  
105.20 receipt of a loan commitment or approval from the county auditor. For purposes of this  
105.21 paragraph, "loan commitment" or "loan approval" means a written commitment or approval  
105.22 to make a mortgage loan from a lender approved to make mortgage loans in Minnesota.  
105.23 The conveyance shall be issued to the county auditor where the land is located. Upon receipt  
105.24 of the conveyance, the county auditor shall hold the conveyance until such time as the  
105.25 conveyance is requested from a title company licensed to do business in Minnesota. If a  
105.26 request for the conveyance is not made within 45 days of the date the conveyance is issued  
105.27 by the commissioner of revenue, the county auditor shall return the conveyance to the  
105.28 commissioner. The title company making the request for the conveyance shall certify to the  
105.29 county auditor that the conveyance is necessary to close the purchase of the subject property  
105.30 within five days of the request. If the conveyance is delivered to the title company and the  
105.31 closing does not occur within five days of the request, the title company shall immediately  
105.32 return the conveyance to the county auditor, and upon receipt, the county auditor shall return  
105.33 the deed to the commissioner of revenue. The commissioner of revenue shall destroy all  
105.34 deeds returned by the county auditor pursuant to this subdivision.

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

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

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

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

106.12 **282.016 PROHIBITED PURCHASERS.**

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

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

106.26 (c) In addition to the persons identified in paragraph (a), a county auditor may prohibit  
106.27 other persons and entities from becoming a purchaser, either personally or as an agent or  
106.28 attorney for another person or entity, of the properties offered for sale under this chapter in  
106.29 the following circumstances: (1) the person or entity owns another property within the  
106.30 county for which there are delinquent taxes owing; (2) the person or entity has held a rental  
106.31 license in the county and the license has been revoked within the last five years; (3) the  
106.32 person or entity has been the vendee of a contract for purchase of a property offered for sale  
106.33 under this chapter, which contract has been canceled within the last five years; or (4) the

107.1 person or entity owns another property within the county for which there is an unresolved  
107.2 housing code violation, including an unpaid charge or fine.

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

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

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

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

107.27 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by  
107.28 the authority having jurisdiction over the land, in the manner otherwise provided by law  
107.29 for the sale of such lands, if the authority determines that it is in the public interest to do  
107.30 so. If the authority having jurisdiction over the land is not the commissioner of natural  
107.31 resources, the land may not be offered for sale without the prior approval of the commissioner  
107.32 of natural resources.

107.33 (d) Where the authority having jurisdiction over lands withdrawn from sale under this  
107.34 section is not the commissioner of natural resources, the authority may submit proposals

108.1 for disposition of the lands to the commissioner. The commissioner of natural resources  
108.2 shall evaluate the lands and their public benefits and make recommendations on the proposed  
108.3 dispositions to the committees of the legislature with jurisdiction over natural resources.  
108.4 The commissioner shall include any recommendations of the commissioner for disposition  
108.5 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.  
108.6 The commissioner's recommendations may include a public sale, sale to a private party,  
108.7 acquisition by the Department of Natural Resources for public purposes, or a cooperative  
108.8 management agreement with, or transfer to, another unit of government.

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

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

108.14 **282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS**  
108.15 **PERMITTED.**

108.16 (a) Immediately after classification and appraisal of the land, and after approval by the  
108.17 commissioner of natural resources when required pursuant to section 282.01, subdivision  
108.18 3, the county board shall provide and file with the county auditor a list of parcels of land to  
108.19 be offered for sale. This list shall contain a description of the parcels of land and the appraised  
108.20 value thereof. The auditor shall publish a notice of the intended public sale of such parcels  
108.21 of land and a copy of the resolution of the county board fixing the terms of the sale, if other  
108.22 than for cash only, by publication once a week for two weeks in the official newspaper of  
108.23 the county, the last publication to be not less than ten days previous to the commencement  
108.24 of the sale.

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

108.31 (c) If the county board of ~~St. Louis or Koochiing Counties~~ determines that the sale  
108.32 shall take place in a county facility other than the courthouse, the notice shall specify the  
108.33 facility and its location. If the county board determines that the sale shall take place as an

109.1 online auction under section 282.01, subdivision 13, the notice shall specify the auction  
109.2 Web site and the date of the auction.

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

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

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

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

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

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

109.33 **282.322 FORFEITED LANDS LIST.**

110.1 The county board of any county may file a list of forfeited lands with the county auditor,  
110.2 if the board is of the opinion that such lands may be acquired by the state or any municipal  
110.3 subdivision ~~thereof~~ of the state for public purposes. Upon the filing of ~~such~~ the list of  
110.4 forfeited lands, the county auditor shall withhold said lands from repurchase. If no proceeding  
110.5 ~~shall be~~ is started to acquire such lands by the state or some municipal subdivision ~~thereof~~  
110.6 of the state within one year after the filing of ~~such~~ the list of forfeited lands, the county  
110.7 board shall withdraw ~~said~~ the list and thereafter, if the property was classified as  
110.8 nonhomestead at the time of forfeiture, the owner shall have ~~one year~~ not more than six  
110.9 months in which to repurchase.

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

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

110.12 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
110.13 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
110.14 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
110.15 and any other state paid property tax credits in any calendar year, and after any refund  
110.16 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
110.17 year that the property tax is payable. In the case of a claimant who makes ground lease  
110.18 payments, "property taxes payable" includes the amount of the payments directly attributable  
110.19 to the property taxes assessed against the parcel on which the house is located. No  
110.20 apportionment or reduction of the "property taxes payable" shall be required for the use of  
110.21 a portion of the claimant's homestead for a business purpose if the claimant does not deduct  
110.22 any business depreciation expenses for the use of a portion of the homestead in the  
110.23 determination of federal adjusted gross income. For homesteads which are manufactured  
110.24 homes as defined in section 273.125, subdivision 8, ~~and for homesteads which are including~~  
110.25 manufactured homes located in a manufactured home community owned by a cooperative  
110.26 organized under chapter 308A or 308B, and park trailers taxed as manufactured homes  
110.27 under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent  
110.28 of the gross rent paid in the preceding year for the site on which the homestead is located.  
110.29 When a homestead is owned by two or more persons as joint tenants or tenants in common,  
110.30 such tenants shall determine between them which tenant may claim the property taxes  
110.31 payable on the homestead. If they are unable to agree, the matter shall be referred to the  
110.32 commissioner of revenue whose decision shall be final. Property taxes are considered payable  
110.33 in the year prescribed by law for payment of the taxes.

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

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

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

111.11 **473H.09 EARLY TERMINATION.**

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

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

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

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

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

111.31 (c) When an agricultural preserve is terminated under this subdivision, the property is  
111.32 subject to additional taxes in an amount equal to 50 percent of the taxes actually levied  
111.33 against the property for the current taxes payable year. The additional taxes are extended

112.1 against the property on the tax list for taxes payable in the current year. The additional taxes  
112.2 must be distributed among the jurisdictions levying taxes on the property in proportion to  
112.3 the current year's taxes.

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

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

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

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

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

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

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

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

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

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

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

112.23 (1) any person holds over real property:

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

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

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

112.28 (2) any person holds over real property after termination of the time for which it is  
112.29 demised or leased to that person or to the persons under whom that person holds possession,



113.1 contrary to the conditions or covenants of the lease or agreement under which that person  
113.2 holds, or after any rent becomes due according to the terms of such lease or agreement; or

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

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

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

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

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

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

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

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

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

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

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

113.31 (f) The plaintiff is responsible for the proper removal, storage, and care of the defendant's  
113.32 personal property and is liable for damages for loss of or injury to it caused by the plaintiff's

114.1 failure to exercise the same care that a reasonably careful person would exercise under  
114.2 similar circumstances.

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

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

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

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

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

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

114.22 Sec. 47. **SOCCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL**  
114.23 **ASSESSMENT.**

114.24 Any real or personal property acquired, owned, leased, controlled, used, or occupied by  
114.25 the city of St. Paul for the primary purpose of providing a stadium for a Major League  
114.26 Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for  
114.27 public, governmental, and municipal purposes, and is exempt from ad valorem taxation by  
114.28 the state or any political subdivision of the state, provided that the properties are subject to  
114.29 special assessments levied by a political subdivision for a local improvement in amounts  
114.30 proportionate to and not exceeding the special benefit received by the properties from the  
114.31 improvement. In determining the special benefit received by the properties, no possible use  
114.32 of any of the properties in any manner different from their intended use for providing a

115.1 Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota  
115.2 Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a  
115.3 lease or use agreement between the city and another person for uses related to the purposes  
115.4 of the operation of the stadium and related parking facilities is exempt from taxation  
115.5 regardless of the length of the lease or use agreement. This section, insofar as it provides  
115.6 an exemption or special treatment, does not apply to any real property that is leased for  
115.7 residential, business, or commercial development or other purposes different from those  
115.8 necessary to the provision and operation of the stadium.

115.9 **EFFECTIVE DATE.** This section is effective upon approval by the St. Paul City  
115.10 Council and compliance with Minnesota Statutes, section 645.021.

115.11 Sec. 48. **LEGISLATIVE PROPERTY TAX REFORM WORKING GROUP.**

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

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

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

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

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

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

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

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

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

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

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

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

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

116.8 **Sec. 49. PROPOSALS FOR REFORM OF MINNESOTA'S PROPERTY TAX**  
116.9 **SYSTEM.**

116.10 The Legislative Property Tax Reform Working Group must develop proposals to  
116.11 restructure Minnesota's property tax system for legislative consideration. The proposals  
116.12 must provide for a system that reduces the complexity and cost of Minnesota's property tax  
116.13 system to increase transparency and understanding for taxpayers and assessors while  
116.14 minimizing the number of properties that experience severe tax changes. The proposals  
116.15 must include, but are not limited to, a reduction in the number of classifications and tiers  
116.16 in the current property tax system. The proposals may include a transition period of up to  
116.17 five years before the final system elements are fully operational. At least one proposal must  
116.18 be developed where the highest estimated net state cost does not exceed \$250,000,000 in  
116.19 the first year that the proposal is fully phased in. At least one proposal must be developed  
116.20 where the highest estimated net state cost does not exceed \$500,000,000 in the first year  
116.21 that the proposal is fully phased in. Each proposal should estimate the administrative cost  
116.22 savings to county governments and to the state government.

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

116.24 **Sec. 50. REPEALER.**

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

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

116.27

### ARTICLE 3

116.28

### TAXPAYER EMPOWERMENT

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

116.30 **Subd. 3. **Capital project levy referendum.**** (a) A district may levy the local tax rate  
116.31 approved by a majority of the electors voting on the question to provide funds for an approved

117.1 project. The election must take place no more than five years before the estimated date of  
117.2 commencement of the project. The referendum ~~must~~ may be held ~~on a date set~~ called by  
117.3 the board and, except as provided in paragraph (g), must be held on the first Tuesday after  
117.4 the first Monday in November in either an even-numbered or odd-numbered year. A district  
117.5 must meet the requirements of section 123B.71 for projects funded under this section. If a  
117.6 review and comment is required under section 123B.71, subdivision 8, a referendum for a  
117.7 project not receiving a positive review and comment by the commissioner must be approved  
117.8 by at least 60 percent of the voters at the election.

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

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

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

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

117.18 (c) The ballot must provide a general description of the proposed project, state the  
117.19 estimated total cost of the project, state whether the project has received a positive or negative  
117.20 review and comment from the commissioner, state the maximum amount of the capital  
117.21 project levy as a percentage of net tax capacity, state the amount that will be raised by that  
117.22 local tax rate in the first year it is to be levied, and state the maximum number of years that  
117.23 the levy authorization will apply.

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

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

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

117.31 (d) If the district proposes a new capital project to begin at the time the existing capital  
117.32 project expires and at the same maximum tax rate, the general description on the ballot may  
117.33 state that the capital project levy is being renewed and that the tax rate is not being increased

118.1 from the previous year's rate. An election to renew authority under this paragraph may be  
118.2 called at any time that is otherwise authorized by this subdivision. The ballot notice required  
118.3 under section 275.60 may be modified to read:

118.4 "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING TO RENEW  
118.5 AN EXISTING CAPITAL PROJECTS REFERENDUM THAT IS SCHEDULED TO  
118.6 EXPIRE."

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

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

118.11 (g) Notwithstanding paragraph (a), a referendum to levy the amount needed to finance  
118.12 a district's response to a disaster or emergency may be held on a date set by the board.

118.13 "Disaster" means a situation that creates an actual or imminent serious threat to the health  
118.14 and safety of persons, or a situation that has resulted or is likely to result in catastrophic  
118.15 loss to property or the environment. "Emergency" means an unforeseen combination of  
118.16 circumstances that calls for immediate action to prevent a disaster, identified in the  
118.17 referendum, from developing or occurring.

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

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

118.21 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,  
118.22 subdivision 1, may be increased in the amount approved by the voters of the district at a  
118.23 referendum called for the purpose. The referendum may be called by the board. The  
118.24 referendum must be conducted one or two calendar years before the increased levy authority,  
118.25 if approved, first becomes payable. Only one election to approve an increase may be held  
118.26 in a calendar year. Unless the referendum is conducted by mail under subdivision 11,  
118.27 paragraph (a), the referendum must be held on the first Tuesday after the first Monday in  
118.28 November. The ballot must state the maximum amount of the increased revenue per adjusted  
118.29 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue  
118.30 per adjusted pupil unit that differs from year to year over the number of years for which the  
118.31 increased revenue is authorized or may state that the amount shall increase annually by the  
118.32 rate of inflation. The ballot must state the cumulative amount per pupil of any local optional  
118.33 revenue, board-approved referendum authority, and previous voter-approved referendum

119.1 authority, if any, that the board expects to certify for the next school year. For this purpose,  
119.2 the rate of inflation shall be the annual inflationary increase calculated under subdivision  
119.3 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring.  
119.4 In this case, the ballot may also compare the proposed levy authority to the existing expiring  
119.5 levy authority, and express the proposed increase as the amount, if any, over the expiring  
119.6 referendum levy authority. The ballot must designate the specific number of years, not to  
119.7 exceed ten, for which the referendum authorization applies. The ballot, including a ballot  
119.8 on the question to revoke or reduce the increased revenue amount under paragraph (c), must  
119.9 abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section  
119.10 275.60 may be modified to read, in cases of renewing existing levies at the same amount  
119.11 per pupil as in the previous year:

119.12 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO  
119.13 EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED  
119.14 TO EXPIRE."

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

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

119.19 If approved, an amount equal to the approved revenue per adjusted pupil unit times the  
119.20 adjusted pupil units for the school year beginning in the year after the levy is certified shall  
119.21 be authorized for certification for the number of years approved, if applicable, or until  
119.22 revoked or reduced by the voters of the district at a subsequent referendum.

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

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

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

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

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

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

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

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

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

120.31 Subdivision 1. **Questions.** Special elections may be held in a city or town on a question  
120.32 on which the voters are authorized by law or charter to pass judgment. A special election  
120.33 on a question may only be held by a city on the first Tuesday after the first Monday in



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

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

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

121.15 Subdivision 1. **Questions.** ~~(a)~~ Special elections must be held for a school district on a  
 121.16 question on which the voters are authorized by law to pass judgment. The special election  
 121.17 on a question may only be held on the first Tuesday after the first Monday in November of  
 121.18 either an even-numbered or odd-numbered year. The school board may on its own motion  
 121.19 call a special election to vote on any matter requiring approval of the voters of a district.  
 121.20 Upon petition filed with the school board of 50 or more voters of the school district or five  
 121.21 percent of the number of voters voting at the preceding school district general election,  
 121.22 whichever is greater, the school board shall by resolution call a special election to vote on  
 121.23 any matter requiring approval of the voters of a district. A question is carried only with the  
 121.24 majority in its favor required by law. The election officials for a special election are the  
 121.25 same as for the most recent school district general election unless changed according to  
 121.26 law. Otherwise, special elections must be conducted and the returns made in the manner  
 121.27 provided for the school district general election.

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

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

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

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

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

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

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

122.9 **216B.46 MUNICIPAL ACQUISITION PROCEDURES; NOTICE; ELECTION.**

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

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

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

122.21 **237.19 MUNICIPAL TELECOMMUNICATIONS SERVICES.**

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

123.1 a telephone exchange may enter into a joint venture as a partner or shareholder with a  
123.2 telecommunications organization to provide telecommunications services within its service  
123.3 area.

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

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

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

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

123.14 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
123.15 taxing authority proposes to collect for taxes payable the following year. In the case of a  
123.16 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
123.17 The notice must clearly state for each city that has a population over 500, county, school  
123.18 district, regional library authority established under section 134.201, and metropolitan taxing  
123.19 districts as defined in paragraph (i), the time and place of a meeting for each taxing authority  
123.20 in which the budget and levy will be discussed and public input allowed, prior to the final  
123.21 budget and levy determination. The taxing authorities must provide the county auditor with  
123.22 the information to be included in the notice on or before the time it certifies its proposed  
123.23 levy under subdivision 1. The public must be allowed to speak at that meeting, which must  
123.24 occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone  
123.25 number for the taxing authority that taxpayers may call if they have questions related to the  
123.26 notice and an address where comments will be received by mail, except that no notice  
123.27 required under this section shall be interpreted as requiring the printing of a personal  
123.28 telephone number or address as the contact information for a taxing authority. If a taxing  
123.29 authority does not maintain public offices where telephone calls can be received by the  
123.30 authority, the authority may inform the county of the lack of a public telephone number and  
123.31 the county shall not list a telephone number for that taxing authority.

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

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

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

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

124.12 (ii) the proposed tax amount.

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

124.16 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
124.17 unless the town changes its levy at a special town meeting under section 365.52. If a school  
124.18 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
124.19 in the school district at the November general election, the county auditor must note next  
124.20 to the school district's proposed amount that a referendum is pending and that, if approved  
124.21 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
124.22 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
124.23 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
124.24 the St. Paul Library Agency must be listed separately from the remaining amount of the  
124.25 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
124.26 listed separately from the remaining amount of the county's levy. In the case of a parcel  
124.27 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
124.28 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
124.29 capacity subject to the areawide tax must each be stated separately and not included in the  
124.30 sum of the special taxing districts; ~~and~~

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

124.33 (4) a statement at the top of the notice stating the following: if a county's or city's  
124.34 proposed levy for next year is greater than its actual levy for the current year, the voters

125.1 may have the right to petition for a referendum on next year's levy certification, according  
125.2 to Minnesota Statutes, section 275.80, provided that the final levy that the local government  
125.3 certifies in December of this year is also greater than its levy for the current year.

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

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

125.9 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

126.8 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
126.9 473.521, 473.547, or 473.834;

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

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

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

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

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

126.24 (2) population growth and decline;

126.25 (3) state or federal government action; and

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

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

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

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

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

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

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

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

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

127.28 **275.60 LEVY OR BOND REFERENDUM; BALLOT NOTICE.**

127.29 (a) Notwithstanding any general or special law or any charter provisions, but subject to  
127.30 section 126C.17, subdivision 9, any question submitted to the voters by any local  
127.31 governmental subdivision at a ~~general or special~~ an election after ~~June 8, 1995~~ June 30,  
127.32 2017, authorizing a property tax levy or tax rate increase, including the issuance of debt

128.1 obligations payable in whole or in part from property taxes, must include on the ballot the  
128.2 following notice in boldface type:

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

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

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

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

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

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

128.26 Subdivision 1. Citation. This section shall be known as the "Property Tax Payers'  
128.27 Empowerment Act."

128.28 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the  
128.29 meanings given.

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



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

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

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

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

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

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

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

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

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

130.1 Yes .....

130.2 No .....

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

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

130.8 (c) If the majority of votes cast on this question are in the affirmative, the levy certified  
130.9 by the local governmental unit under section 275.07 must be less than or equal to its proposed  
130.10 levy under section 275.065. If the question does not receive sufficient affirmative votes,  
130.11 the levy amount that the local governmental unit certifies under section 275.07 in the current  
130.12 year must be less than or equal to its maximum alternative levy as defined in subdivision  
130.13 2.

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

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

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

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

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

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

130.30 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
130.31 the tax statements. The commissioner of revenue shall prescribe the form of the property  
130.32 tax statement and its contents. The tax statement must not state or imply that property tax

131.1 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
131.2 of the dollar amount due to each taxing authority and the amount of the state tax from the  
131.3 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
131.4 attributable to the county, the state tax, the voter approved school tax, the other local school  
131.5 tax, the township or municipality, and the total of the metropolitan special taxing districts  
131.6 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
131.7 amounts due all other special taxing districts, if any, may be aggregated except that any  
131.8 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
131.9 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
131.10 under the appropriate county's levy. If the county levy under this paragraph includes an  
131.11 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
131.12 the amount attributable for that purpose must be separately stated from the remaining county  
131.13 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
131.14 an amount for public library service under section 134.07, the amount attributable for that  
131.15 purpose may be separated from the remaining county levy amount. The amount of the tax  
131.16 on homesteads qualifying under the senior citizens' property tax deferral program under  
131.17 chapter 290B is the total amount of property tax before subtraction of the deferred property  
131.18 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
131.19 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
131.20 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
131.21 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
131.22 even-numbered dollar. The amount of market value excluded under section 273.11,  
131.23 subdivision 16, if any, must also be listed on the tax statement.

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

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

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

131.32 (2) the property's homestead market value exclusion under section 273.13, subdivision  
131.33 35;

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

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

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

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

132.4 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit

132.5 received under section 273.135 must be separately stated and identified as "taconite tax

132.6 relief"; and

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

132.8 (d) If a city or county is subject to a petition of the voters due to a general levy increase

132.9 as provided in section 275.80, the tax statement must also include the general levy for the

132.10 current year and the previous year for that city or county along with the following statement:

132.11 "Because the governing body of ..... increased its nonvoter-approved levy in the current

132.12 year, the voters in that jurisdiction have the right to petition for a referendum on that

132.13 jurisdiction's levy amount under Minnesota Statutes, section 275.80. To invoke the

132.14 referendum, a petition signed by voters equal to ten percent of the votes cast in the last

132.15 general election on this issue must be filed with the county auditor by June 30 of the current

132.16 year."

132.17 ~~(d)~~ (e) If the county uses envelopes for mailing property tax statements and if the county

132.18 agrees, a taxing district may include a notice with the property tax statement notifying

132.19 taxpayers when the taxing district will begin its budget deliberations for the current year,

132.20 and encouraging taxpayers to attend the hearings. If the county allows notices to be included

132.21 in the envelope containing the property tax statement, and if more than one taxing district

132.22 relative to a given property decides to include a notice with the tax statement, the county

132.23 treasurer or auditor must coordinate the process and may combine the information on a

132.24 single announcement.

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

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

132.27 Subd. 2. **Contracts.** The council shall have power to make such contracts as may be

132.28 deemed necessary or desirable to make effective any power possessed by the council. The

132.29 city may purchase personal property through a conditional sales contract and real property

132.30 through a contract for deed under which contracts the seller is confined to the remedy of

132.31 recovery of the property in case of nonpayment of all or part of the purchase price, which

132.32 shall be payable over a period of not to exceed five years. When the contract price of property

132.33 to be purchased by contract for deed or conditional sales contract exceeds 0.24177 percent

133.1 of the estimated market value of the city, the city may not enter into such a contract for at  
133.2 least ten days after publication in the official newspaper of a council resolution determining  
133.3 to purchase property by such a contract; and, if before the end of that time a petition asking  
133.4 for an election on the proposition signed by voters equal to ten percent of the number of  
133.5 voters at the last regular city election is filed with the clerk, the city may not enter into such  
133.6 a contract until the proposition has been approved by a majority of the votes cast on the  
133.7 question at ~~a regular or special~~ an election held on the first Tuesday after the first Monday  
133.8 in November of either an even-numbered or odd-numbered year.

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

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

133.12 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

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

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

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

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

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

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

133.25 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
133.26 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
133.27 not be issued for at least ten days after publication in the official newspaper of a council  
133.28 resolution determining to issue them; and if before the end of that time, a petition asking  
133.29 for an election on the proposition signed by voters equal to ten percent of the number of  
133.30 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
133.31 shall not be issued until the proposition of their issuance has been approved by a majority

134.1 of the votes cast on the question at ~~a regular or special~~ an election held on the first Tuesday  
134.2 after the first Monday in November of either an even-numbered or odd-numbered year.

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

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

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

134.8 Subd. 2. **Referendum in certain cases.** Before the pledge of any such revenues to the  
134.9 payment of any such bonds, warrants or certificates of indebtedness, except bonds, warrants  
134.10 or certificates of indebtedness to construct, reconstruct, enlarge or equip a municipal liquor  
134.11 store shall be made, the governing body shall submit to the voters of the city the question  
134.12 of whether such revenues shall be so pledged and such pledge shall not be binding on the  
134.13 city until it shall have been approved by a majority of the voters voting on the question at  
134.14 ~~either a general~~ an election or special election called for that purpose held on the first Tuesday  
134.15 after the first Monday in November of either an even-numbered or odd-numbered year. No  
134.16 election shall be required for pledge of such revenues for payment of bonds, warrants or  
134.17 certificates of indebtedness to construct, reconstruct, enlarge or equip a municipal liquor  
134.18 store.

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

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

134.22 Subd. 2. **Statutory city; on-sale and off-sale store.** If the voters of a statutory city  
134.23 operating an on-sale and off-sale municipal liquor store, at ~~a general or special~~ an election  
134.24 held on the first Tuesday after the first Monday in November of either an even-numbered  
134.25 or odd-numbered year, vote in favor of contributing from its liquor dispensary fund toward  
134.26 the construction of a community hospital, the city council may appropriate not more than  
134.27 \$60,000 from the fund to any incorporated nonprofit hospital association to build a  
134.28 community hospital in the statutory city. The hospital must be governed by a board including  
134.29 two or more members of the statutory city council and be open to all residents of the statutory  
134.30 city on equal terms. This appropriation must not exceed one-half the total cost of construction  
134.31 of the hospital. The council must not appropriate the money unless the average net earnings  
134.32 of the on-sale and off-sale municipal liquor store have been at least \$10,000 for the last five  
134.33 completed fiscal years before the date of the appropriation.

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

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

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

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

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

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

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

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

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

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

136.2 Subd. 6. **Statutory city; fourth class.** If a fourth class statutory city operates a municipal  
136.3 liquor store, it may provide for a vote at a ~~general or special~~ an election held on the first  
136.4 Tuesday after the first Monday in November of either an even-numbered or odd-numbered  
136.5 year on the question of contributing from the city liquor dispensary fund not more than  
136.6 \$15,000 a year for five years to build and maintain a community hospital. If the vote is in  
136.7 favor the council may appropriate the money from the fund to an incorporated community  
136.8 hospital association in the city.

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

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

136.12 Subd. 7. **Statutory city; any store.** If a statutory city operates a municipal liquor store,  
136.13 it may provide for a vote at a ~~general or special~~ an election held on the first Tuesday after  
136.14 the first Monday in November of either an even-numbered or odd-numbered year on the  
136.15 question of contributing from the statutory city liquor dispensary fund toward the acquisition,  
136.16 construction, improvement, maintenance, and operation of a community hospital. If the  
136.17 vote is in favor, the council may appropriate money from time to time out of the net profits  
136.18 or proceeds of the municipal liquor store to an incorporated nonprofit hospital association  
136.19 in the statutory city. The hospital association must be governed by a board of directors  
136.20 elected by donors of \$50 or more, who each have one vote. The hospital must be open to  
136.21 all residents of the community on equal terms.

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

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

136.25 **452.11 SUBMISSION TO VOTERS.**

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



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

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

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

137.7 **455.24 SUBMISSION TO VOTERS.**

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

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

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

137.17 **455.29 MUNICIPALITIES MAY EXTEND ELECTRIC SERVICE.**

137.18 Except as otherwise restricted by chapter 216B, the governing body, or the commission  
137.19 or board charged with the operation of the public utilities, if one exists therein, of any  
137.20 municipality in the state owning and operating an electric light and power plant for the  
137.21 purpose of the manufacture and sale of electrical power or for the purchase and redistribution  
137.22 of electrical power, may, upon a two-thirds vote of the governing body, or the commission  
137.23 or board, in addition to all other powers now possessed by such municipality, sell electricity  
137.24 to customers, singly or collectively, outside of such municipality, within the state but not  
137.25 to exceed a distance of 30 miles from the corporate limits of the municipality. Before any  
137.26 municipality shall have the power to extend its lines and sell electricity outside of the  
137.27 municipality as provided by sections 455.29 and 455.30, the governing body shall first  
137.28 submit to the voters of the municipality, at ~~a general or special~~ an election held on the first  
137.29 Tuesday after the first Monday in November of either an even-numbered or odd-numbered  
137.30 year, the general principle of going outside the municipality and fixing the maximum amount  
137.31 of contemplated expenditures reasonably expected to be made for any and all extensions  
137.32 then or thereafter contemplated. Three weeks' published notice shall be given of such election

138.1 as required by law, and if a majority of those voting upon the proposition favors the same,  
 138.2 then the municipality shall thereafter be considered as having chosen to enter the general  
 138.3 business of extending its electric light and power facilities beyond the corporate limits of  
 138.4 the municipality. It shall not be necessary to submit to a vote of the people the question of  
 138.5 any specific enlargement, extension, or improvement of any outside lines; provided the  
 138.6 voters of the municipality have generally elected to exercise the privileges afforded by  
 138.7 sections 455.29 and 455.30, and, provided, that each and any specific extension, enlargement,  
 138.8 or improvement project is within the limit of the maximum expenditure authorized at the  
 138.9 election. In cities operating under a home rule charter, where a vote of the people is not  
 138.10 now required in order to extend electric light and power lines, no election shall be required  
 138.11 under the provisions of any act. At any election held to determine the attitude of the voters  
 138.12 upon this principle, the question shall be simply stated upon the ballot provided therefor,  
 138.13 and shall be substantially in the following form: "Shall the city of ..... undertake  
 138.14 the general proposition of extending its electric light and power lines beyond the limits of  
 138.15 the municipality, and limit the maximum expenditures for any and all future extensions to  
 138.16 the sum of \$.....?" For this purpose every municipality is authorized and empowered  
 138.17 to extend the lines, wires, and fixtures of its plant to such customers and may issue certificates  
 138.18 of indebtedness therefor in an amount not to exceed the actual cost of the extensions and  
 138.19 for a term not to exceed the reasonable life of the extensions. These certificates of  
 138.20 indebtedness shall in no case be made a charge against the municipality, but shall be payable  
 138.21 and paid out of current revenues of the plant other than taxes.

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

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

138.25 Subdivision 1. **Accept donations.** Any county, city, or town may by resolution of its  
 138.26 governing body accept donations of land that the governing body deems to be better adapted  
 138.27 for the production of timber and wood than for any other purpose, for a forest, and may  
 138.28 manage it on forestry principles. The donor of not less than 100 acres of any such land shall  
 138.29 be entitled to have the land perpetually bear the donor's name. The governing body of any  
 138.30 city or town, when funds are available or have been levied therefor, may, when authorized  
 138.31 by a majority vote by ballot of the voters voting at any ~~general or special~~ city election held  
 138.32 on the first Tuesday after the first Monday in November of either an even-numbered or  
 138.33 odd-numbered year or the annual town meeting where the question is properly submitted,  
 138.34 purchase or obtain by condemnation proceedings, and preferably at the sources of streams,  
 138.35 any tract of land for a forest which is better adapted for the production of timber and wood

139.1 than for any other purpose, and which is conveniently located for the purpose, and manage  
139.2 it on forestry principles. The city or town may annually levy a tax on all taxable property  
139.3 within its boundaries to procure and maintain such forests.

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

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

139.7 Subd. 5. **Reverse referendum.** A city may increase its levy for port authority purposes  
139.8 under subdivision 4 only as provided in this subdivision. Its city council must first pass a  
139.9 resolution stating the proposed amount of levy increase. The city must then publish the  
139.10 resolution together with a notice of public hearing on the resolution for two successive  
139.11 weeks in its official newspaper or, if none exists, in a newspaper of general circulation in  
139.12 the city. The hearing must be held two to four weeks after the first publication. After the  
139.13 hearing, the city council may decide to take no action or may adopt a resolution authorizing  
139.14 the proposed increase or a lesser increase. A resolution authorizing an increase must be  
139.15 published in the city's official newspaper or, if none exists, in a newspaper of general  
139.16 circulation in the city. The resolution is not effective if a petition requesting a referendum  
139.17 on the resolution is filed with the city clerk within 30 days of publication of the resolution.  
139.18 The petition must be signed by voters equaling five percent of the votes cast in the city in  
139.19 the last general election. The resolution is effective if approved by a majority of those voting  
139.20 on the question. The commissioner of revenue shall prepare a suggested form of referendum  
139.21 question. The referendum must be held at ~~a special or general~~ an election ~~before October 1~~  
139.22 ~~of the year for which the levy increase is proposed~~ conducted on the first Tuesday after the  
139.23 first Monday in November of either an even-numbered or odd-numbered year. If approved  
139.24 by the voters, the levy increase may take effect no sooner than the next calendar year.

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

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

139.28 Subd. 2. **Reverse referendum.** A city may increase its levy for economic development  
139.29 authority purposes under subdivision 1 in the following way. Its city council must first pass  
139.30 a resolution stating the proposed amount of levy increase. The city must then publish the  
139.31 resolution together with a notice of public hearing on the resolution for two successive  
139.32 weeks in its official newspaper or if none exists in a newspaper of general circulation in the  
139.33 city. The hearing must be held two to four weeks after the first publication. After the hearing,

140.1 the city council may decide to take no action or may adopt a resolution authorizing the  
140.2 proposed increase or a lesser increase. A resolution authorizing an increase must be published  
140.3 in the city's official newspaper or if none exists in a newspaper of general circulation in the  
140.4 city. The resolution is not effective if a petition requesting a referendum on the resolution  
140.5 is filed with the city clerk within 30 days of publication of the resolution. The petition must  
140.6 be signed by voters equaling five percent of the votes cast in the city in the last general  
140.7 election. The ~~election~~ referendum must be held at a ~~general or special~~ an election held on  
140.8 the first Tuesday after the first Monday in November of either an even-numbered or  
140.9 odd-numbered year. Notice of the election must be given in the manner required by law.  
140.10 The notice must state the purpose and amount of the levy.

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

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

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

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

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

140.25 Subd. 5. **Reverse referendum.** If the county board passes a resolution under subdivision  
140.26 4 to impose the tax, the resolution must be published for two successive weeks in a newspaper  
140.27 of general circulation within the unorganized territory, together with a notice fixing a date  
140.28 for a public hearing on the proposed tax.

140.29 The hearing must be held not less than two weeks nor more than four weeks after the  
140.30 first publication of the notice. After the public hearing, the county board may determine to  
140.31 take no further action, or may adopt a resolution authorizing the tax as originally proposed  
140.32 or approving a lesser rate of tax. The resolution must be published in a newspaper of general  
140.33 circulation within the unorganized territory. The voters of the unorganized territory may

141.1 request a referendum on the proposed tax by filing a petition with the county auditor within  
141.2 30 days after the resolution is published. The petition must be signed by voters who reside  
141.3 in the unorganized territory. The number of signatures must equal at least five percent of  
141.4 the number of persons voting in the unorganized territory in the last general election. If such  
141.5 a petition is timely filed, the resolution is not effective until it has been submitted to the  
141.6 voters residing in the unorganized territory at ~~a general or special~~ an election held on the  
141.7 first Tuesday after the first Monday in November of either an even-numbered or  
141.8 odd-numbered year and a majority of votes cast on the question of approving the resolution  
141.9 are in the affirmative. The commissioner of revenue shall prepare a suggested form of  
141.10 question to be presented at the referendum.

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

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

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

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

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

141.25 Subd. 3. **Expenditure from fund, limitation.** No expenditure for any one project in  
141.26 excess of 60 percent of one year's levy or \$25,000, whichever is greater, may be made from  
141.27 such permanent improvement or replacement fund in any year without first obtaining the  
141.28 approval of a majority of the voters voting at a ~~general or special~~ municipal election held  
141.29 on the first Tuesday after the first Monday in November of either an even-numbered or  
141.30 odd-numbered year at which the question of making such expenditure has been submitted.  
141.31 In submitting any proposal to the voters for approval, the amount proposed to be spent and  
141.32 the purpose thereof shall be stated in the proposal submitted. The proceeds of such levies  
141.33 may be pledged for the payment of any bonds issued pursuant to law for any purposes

142.1 authorized hereby and annual payments upon such bonds or interest may be made without  
142.2 additional authorization.

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

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

142.6 Subd. 2. **Tax levy.** The governing body of a city may establish, by a two-thirds vote of  
142.7 all its members, by ordinance or resolution a reserve fund and may annually levy a property  
142.8 tax for the support of the fund. The proceeds of taxes levied for its support must be paid  
142.9 into the reserve fund. Any other revenue from a source not required by law to be paid into  
142.10 another fund for purposes other than those provided for the use of the reserve fund may be  
142.11 paid into the fund. Before a tax is levied under this section, the city must publish in the  
142.12 official newspaper of the city an initial resolution authorizing the tax levy. If within ten  
142.13 days after the publication a petition is filed with the city clerk requesting an election on the  
142.14 tax levy signed by a number of qualified voters greater than ten percent of the number who  
142.15 voted in the city at the last general election, the tax may not be levied until the levy has  
142.16 been approved by a majority of the votes cast on it at ~~a regular or special~~ an election held  
142.17 on the first Tuesday after the first Monday in November of either an even-numbered or  
142.18 odd-numbered year.

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

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

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

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

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

142.31 **475.59 MANNER OF SUBMISSION; NOTICE.**

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

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

143.23 Subd. 3. **Special laws.** If a referendum on the issuance of bonds or other debt obligations  
143.24 authorized in a special law is required, it must be held on a date as provided in subdivision  
143.25 2, notwithstanding any provision in the special law authorizing the referendum to be held  
143.26 at any other time.

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

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

144.3 Sec. 34. **REPEALER.**

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

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

144.6 **ARTICLE 4**

144.7 **SALES AND USE TAXES**

144.8 Section 1. **[88.068] VOLUNTEER FIRE ASSISTANCE GRANT ACCOUNT.**

144.9 A volunteer fire assistance grant account is established in the special revenue fund. Sales  
144.10 taxes allocated under section 297A.94, for making grants under section 88.067, must be  
144.11 deposited in the special revenue fund and credited to the volunteer fire assistance grant  
144.12 account. Money in the account, including interest, is appropriated to the commissioner for  
144.13 making grants under that section.

144.14 **EFFECTIVE DATE.** This section is effective beginning with deposits made in fiscal  
144.15 year 2018.

144.16 Sec. 2. Minnesota Statutes 2016, section 128C.24, is amended to read:

144.17 **128C.24 LEAGUE FUNDS TRANSFER.**

144.18 Beginning July 1, 2007, the Minnesota State High School League shall annually determine  
144.19 the sales tax savings attributable to section 297A.70, subdivision ~~11~~ 11a, and annually  
144.20 transfer that amount to a nonprofit charitable foundation created for the purpose of promoting  
144.21 high school extracurricular activities. The funds must be used by the foundation to make  
144.22 grants to fund, assist, recognize, or promote high school students' participation in  
144.23 extracurricular activities. The first priority for funding will be grants for scholarships to  
144.24 individuals to offset athletic fees. The foundation must equitably award grants based on  
144.25 considerations of gender balance, school size, and geographic location, to the extent feasible.

144.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
144.27 30, 2017.



145.1 Sec. 3. Minnesota Statutes 2016, section 297A.66, subdivision 1, is amended to read:

145.2 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution  
145.3 and the laws of the United States, "retailer maintaining a place of business in this state," or  
145.4 a similar term, means a retailer:

145.5 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an  
145.6 office, place of distribution, sales, storage, or sample room or place, warehouse, or other  
145.7 place of business, including the employment of a resident of this state who works from a  
145.8 home office in this state; or

145.9 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,  
145.10 canvasser, ~~or~~ marketplace provider, solicitor, or other third party operating in this state  
145.11 under the authority of the retailer or its subsidiary, for any purpose, including the repairing,  
145.12 selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for  
145.13 the retailer's goods or services, or the leasing of tangible personal property located in this  
145.14 state, whether the place of business or agent, representative, affiliate, salesperson, canvasser,  
145.15 or solicitor is located in the state permanently or temporarily, or whether or not the retailer,  
145.16 subsidiary, or affiliate is authorized to do business in this state. A retailer is represented by  
145.17 a marketplace provider in this state if the retailer makes sales in this state facilitated by a  
145.18 marketplace provider that maintains a place of business in this state.

145.19 (b) "Destination of a sale" means the location to which the retailer makes delivery of  
145.20 the property sold, or causes the property to be delivered, to the purchaser of the property,  
145.21 or to the agent or designee of the purchaser. The delivery may be made by any means,  
145.22 including the United States Postal Service or a for-hire carrier.

145.23 (c) "Marketplace provider" means any person who facilitates a retail sale by a retailer  
145.24 by:

145.25 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,  
145.26 services, or digital goods that are subject to tax under this chapter; and

145.27 (2) either directly or indirectly through agreements or arrangements with third parties  
145.28 collecting payment from the customer and transmitting that payment to the retailer regardless  
145.29 of whether the marketplace provider receives compensation or other consideration in  
145.30 exchange for its services.

145.31 (d) "Total taxable retail sales" means the gross receipts from the sale of all tangible  
145.32 goods, services, and digital goods subject to sales and use tax under this chapter.

146.1 Sec. 4. Minnesota Statutes 2016, section 297A.66, subdivision 2, is amended to read:

146.2 Subd. 2. **Retailer maintaining place of business in this state.** (a) Except as provided  
146.3 in paragraph (b), a retailer maintaining a place of business in this state who makes retail  
146.4 sales in Minnesota or to a destination in Minnesota shall collect sales and use taxes and  
146.5 remit them to the commissioner under section 297A.77.

146.6 (b) A retailer with total taxable retail sales to customers in this state of less than \$10,000  
146.7 in the 12-month period ending on the last day of the most recently completed calendar  
146.8 quarter is not required to collect and remit sales tax if it is determined to be a retailer  
146.9 maintaining a place of business in the state solely because it made sales through one or more  
146.10 marketplace providers. The provisions of this paragraph do not apply to a retailer that is or  
146.11 was registered to collect sales and use tax in this state.

146.12 Sec. 5. Minnesota Statutes 2016, section 297A.66, subdivision 4, is amended to read:

146.13 Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes of  
146.14 subdivision 1, paragraph (a), if the entity:

146.15 (1) ~~the entity~~ uses its facilities or employees in this state to advertise, promote, or facilitate  
146.16 the establishment or maintenance of a market for sales of items by the retailer to purchasers  
146.17 in this state or for the provision of services to the retailer's purchasers in this state, such as  
146.18 accepting returns of purchases for the retailer, providing assistance in resolving customer  
146.19 complaints of the retailer, or providing other services; ~~and~~

146.20 (2) ~~the retailer and the entity are related parties.~~ has the same or a similar business name  
146.21 to the retailer and sells, from a location or locations in this state, tangible personal property,  
146.22 digital goods, or services, taxable under this chapter, that are similar to that sold by the  
146.23 retailer;

146.24 (3) maintains an office, distribution facility, salesroom, warehouse, storage place, or  
146.25 other similar place of business in this state to facilitate the delivery of tangible personal  
146.26 property, digital goods, or services sold by the retailer to its customers in this state;

146.27 (4) maintains a place of business in this state and uses trademarks, service marks, or  
146.28 trade names in this state that are the same or substantially similar to those used by the retailer,  
146.29 and that use is done with the express or implied consent of the holder of the marks or names;

146.30 (5) delivers, installs, or assembles tangible personal property in this state, or performs  
146.31 maintenance or repair services on tangible personal property in this state, for tangible  
146.32 personal property sold by the retailer;

147.1 (6) facilitates the delivery of tangible personal property to customers of the retailer by  
147.2 allowing the customers to pick up tangible personal property sold by the retailer at a place  
147.3 of business the entity maintains in this state; or

147.4 (7) shares management, business systems, business practices, or employees with the  
147.5 retailer, or engages in intercompany transactions with the retailer related to the activities  
147.6 that establish or maintain the market in this state of the retailer.

147.7 (b) Two entities are related parties under this section if one of the entities meets at least  
147.8 one of the following tests with respect to the other entity:

147.9 (1) one or both entities is a corporation, and one entity and any party related to that entity  
147.10 in a manner that would require an attribution of stock from the corporation to the party or  
147.11 from the party to the corporation under the attribution rules of section 318 of the Internal  
147.12 Revenue Code owns directly, indirectly, beneficially, or constructively at least 50 percent  
147.13 of the value of the corporation's outstanding stock;

147.14 (2) one or both entities is a partnership, estate, or trust and any partner or beneficiary,  
147.15 and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly,  
147.16 beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital,  
147.17 stock, or value of the other entity or both entities; ~~or~~

147.18 (3) an individual stockholder and the members of the stockholder's family (as defined  
147.19 in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially, or  
147.20 constructively, in the aggregate, at least 50 percent of the value of both entities' outstanding  
147.21 stock;

147.22 (4) the entities are related within the meaning of subsections (b) and (c) of section 267  
147.23 or 707(b)(1) of the Internal Revenue Code; or

147.24 (5) the entities have one or more ownership relationships and the relationships were  
147.25 designed with a principal purpose of avoiding the application of this section.

147.26 (c) An entity is an affiliate under the provisions of this subdivision if the requirements  
147.27 of paragraphs (a) and (b) are met during any part of the 12-month period ending on the first  
147.28 day of the month before the month in which the sale was made.

147.29 Sec. 6. Minnesota Statutes 2016, section 297A.66, is amended by adding a subdivision to  
147.30 read:

147.31 Subd. 4b. **Collection and remittance requirements for marketplace providers and**  
147.32 **marketplace retailers.** (a) A marketplace provider shall collect sales and use taxes and

148.1 remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer,  
148.2 and is subject to audit on the retail sales it facilitates unless either:

148.3 (1) the retailer provides a copy of the retailer's registration to collect sales and use tax  
148.4 in this state to the marketplace provider before the marketplace provider facilitates a sale;  
148.5 or

148.6 (2) upon inquiry by the marketplace provider or its agent, the commissioner discloses  
148.7 that the retailer is registered to collect sales and use taxes in this state.

148.8 (b) Nothing in this subdivision shall be construed to interfere with the ability of a  
148.9 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the  
148.10 requirements of this chapter.

148.11 (c) A marketplace provider is not liable under this subdivision for failure to file and  
148.12 collect and remit sales and use taxes if the marketplace provider demonstrates that the error  
148.13 was due to incorrect or insufficient information given to the marketplace provider by the  
148.14 retailer. This paragraph does not apply if the marketplace provider and the marketplace  
148.15 retailer are related as defined in subdivision 4, paragraph (b).

148.16 Sec. 7. Minnesota Statutes 2016, section 297A.67, subdivision 13a, is amended to read:

148.17 Subd. 13a. **Instructional materials.** (a) Instructional materials, other than textbooks,  
148.18 that are prescribed for use in conjunction with a course of study in a postsecondary school,  
148.19 college, university, or private career school to students who are regularly enrolled at such  
148.20 institutions are exempt. For purposes of this subdivision, "instructional materials" means  
148.21 materials required to be used directly in the completion of the course of study, including,  
148.22 but not limited to:

148.23 (1) interactive CDs, tapes, digital audio works, digital audiovisual works, and computer  
148.24 software;

148.25 (2) charts and models used in the course of study; and

148.26 (3) specialty pens, pencils, inks, paint, paper, and other art supplies for art classes.

148.27 (b) Notwithstanding paragraph (c), if the course of study is necessary to obtaining a  
148.28 degree or certification for a trade or career, any equipment, tools, and supplies required  
148.29 during the course of study that are generally used directly in the practice of the career or  
148.30 trade are also exempt.

149.1 (c) Instructional materials do not include general reference works or other items incidental  
149.2 to the instructional process such as pens, pencils, paper, folders, or computers that are of  
149.3 general use outside of the course of study.

149.4 (d) For purposes of this subdivision, "school" and "private career school" have the  
149.5 meanings given in subdivision 13.

149.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
149.7 30, 2017.

149.8 Sec. 8. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to  
149.9 read:

149.10 **Subd. 34. Certain herbicides.** Purchases of herbicides authorized for use pursuant to  
149.11 an invasive aquatic plant management permit as defined under section 103G.615 are exempt  
149.12 if purchased by a lakeshore property owner, an association of lakeshore property owners  
149.13 organized under chapter 317A, or by a contractor hired by a lakeshore owner or association  
149.14 to provide invasive aquatic plant management under the permit. For purposes of this  
149.15 subdivision, "herbicides" means all herbicides that meet the following requirements:

149.16 (1) are labeled for use in water;

149.17 (2) are registered for use in this state by the Minnesota Department of Agriculture under  
149.18 section 18B.26; and

149.19 (3) are listed as one of the herbicides proposed for use on the invasive aquatic plant  
149.20 management permit.

149.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
149.22 30, 2017.

149.23 Sec. 9. Minnesota Statutes 2016, section 297A.68, subdivision 5, is amended to read:

149.24 **Subd. 5. Capital equipment.** (a) Capital equipment is exempt.

149.25 "Capital equipment" means machinery and equipment purchased or leased, and used in  
149.26 this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or  
149.27 refining tangible personal property to be sold ultimately at retail if the machinery and  
149.28 equipment are essential to the integrated production process of manufacturing, fabricating,  
149.29 mining, or refining. Capital equipment also includes machinery and equipment used primarily  
149.30 to electronically transmit results retrieved by a customer of an online computerized data  
149.31 retrieval system.

- 150.1 (b) Capital equipment includes, but is not limited to:
- 150.2 (1) machinery and equipment used to operate, control, or regulate the production
- 150.3 equipment;
- 150.4 (2) machinery and equipment used for research and development, design, quality control,
- 150.5 and testing activities;
- 150.6 (3) environmental control devices that are used to maintain conditions such as
- 150.7 temperature, humidity, light, or air pressure when those conditions are essential to and are
- 150.8 part of the production process;
- 150.9 (4) materials and supplies used to construct and install machinery or equipment;
- 150.10 (5) repair and replacement parts, including accessories, whether purchased as spare parts,
- 150.11 repair parts, or as upgrades or modifications to machinery or equipment;
- 150.12 (6) materials used for foundations that support machinery or equipment;
- 150.13 (7) materials used to construct and install special purpose buildings used in the production
- 150.14 process;
- 150.15 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part
- 150.16 of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed
- 150.17 concrete trucks, and leases of ready-mixed concrete trucks; and
- 150.18 (9) machinery or equipment used for research, development, design, or production of
- 150.19 computer software.
- 150.20 (c) Capital equipment does not include the following:
- 150.21 (1) motor vehicles taxed under chapter 297B;
- 150.22 (2) machinery or equipment used to receive or store raw materials;
- 150.23 (3) building materials, except for materials included in paragraph (b), clauses (6) and
- 150.24 (7);
- 150.25 (4) machinery or equipment used for nonproduction purposes, including, but not limited
- 150.26 to, the following: plant security, fire prevention, first aid, and hospital stations; support
- 150.27 operations or administration; pollution control; and plant cleaning, disposal of scrap and
- 150.28 waste, plant communications, space heating, cooling, lighting, or safety;
- 150.29 (5) farm machinery and aquaculture production equipment as defined by section 297A.61,
- 150.30 subdivisions 12 and 13;

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

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

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

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

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

151.13 (d) For purposes of this subdivision:

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

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

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

151.31 (4) "Machinery" means mechanical, electronic, or electrical devices, including computers  
151.32 and computer software, that are purchased or constructed to be used for the activities set

152.1 forth in paragraph (a), beginning with the removal of raw materials from inventory through  
152.2 completion of the product, including packaging of the product.

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

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

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

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

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

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

152.18 (11) This subdivision does not apply to telecommunications equipment as provided in  
152.19 subdivision 35a, ~~and does not apply to wire, cable, fiber, poles, or conduit for~~  
152.20 ~~telecommunications services.~~

152.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
152.22 30, 2017.

152.23 Sec. 10. Minnesota Statutes 2016, section 297A.68, subdivision 9, is amended to read:

152.24 Subd. 9. **Super Bowl admissions and related events.** (a) The granting of the privilege  
152.25 of admission to a world championship football game sponsored by the National Football  
152.26 League is and to related events sponsored by the National Football League or its affiliates,  
152.27 or the Minnesota Super Bowl Host Committee, are exempt.

152.28 (b) The sale of nonresidential parking by the National Football League for attendance  
152.29 at a world championship football game sponsored by the National Football League and for  
152.30 related events sponsored by the National Football League or its affiliates, or the Minnesota  
152.31 Super Bowl Host Committee, is exempt. Purchases of nonresidential parking services by  
152.32 the Super Bowl Host Committee are purchases made exempt for resale.



153.1 (c) For the purposes of this subdivision:

153.2 (1) "related events sponsored by the National Football League or its affiliates" includes  
153.3 but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL On  
153.4 Location, and NFL House; and

153.5 (2) "affiliates" does not include National Football League teams.

153.6 **EFFECTIVE DATE.** The amendments to this section are effective for sales and  
153.7 purchases made after June 30, 2016, and before March 1, 2018.

153.8 Sec. 11. Minnesota Statutes 2016, section 297A.68, subdivision 35a, is amended to read:

153.9 Subd. 35a. **Telecommunications or pay television services machinery and equipment.**

153.10 (a) Telecommunications or pay television services machinery and equipment purchased or  
153.11 leased for use directly by a telecommunications or pay television services provider primarily  
153.12 in the provision of telecommunications or pay television services that are ultimately to be  
153.13 sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a  
153.14 subcontractor.

153.15 (b) For purposes of this subdivision, "telecommunications or pay television machinery  
153.16 and equipment" includes, but is not limited to:

153.17 (1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying,  
153.18 processing, transmitting, retransmitting, recording, switching, or monitoring  
153.19 telecommunications or pay television services, such as computers, transformers, amplifiers,  
153.20 routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

153.21 (2) machinery, equipment, and fixtures used in the transportation of telecommunications  
153.22 or pay television services, such as radio transmitters and receivers, satellite equipment,  
153.23 microwave equipment, and other transporting media, ~~but not~~ including wire, cable, fiber,  
153.24 poles, or conduit;

153.25 (3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable  
153.26 the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary  
153.27 power supply, test equipment, towers, heating, ventilating, and air conditioning equipment  
153.28 necessary to the operation of the telecommunications or pay television equipment; and  
153.29 software necessary to the operation of the telecommunications or pay television equipment;  
153.30 and

153.31 (4) repair and replacement parts, including accessories, whether purchased as spare parts,  
153.32 repair parts, or as upgrades or modifications to qualified machinery or equipment.

154.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
154.2 30, 2017.

154.3 Sec. 12. Minnesota Statutes 2016, section 297A.70, subdivision 4, is amended to read:

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

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

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

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

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

154.15 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

154.16 (3) an organization that qualifies for an exemption for memberships under subdivision  
154.17 12 if the item is purchased and used in the performance of the organization's mission.

154.18 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
154.19 owned by a religious organization.

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

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

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

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

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

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

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

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

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

155.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
155.15 30, 2017.

155.16 Sec. 13. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
155.17 to read:

155.18 **Subd. 11a. Minnesota State High School League tickets and admissions.** Tickets and  
155.19 admissions to games, events, and activities sponsored by the Minnesota State High School  
155.20 League under chapter 128C are exempt.

155.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
155.22 30, 2017.

155.23 Sec. 14. Minnesota Statutes 2016, section 297A.70, subdivision 12, is amended to read:

155.24 **Subd. 12. YMCA, YWCA, and JCC, and similar memberships.** (a) The sale of  
155.25 memberships, meaning both onetime initiation fees and periodic membership dues, to an  
155.26 association incorporated under section 315.44 or an organization defined under section  
155.27 315.51, or a nonprofit organization offering similar services are exempt. However, all  
155.28 separate charges made for the privilege of having access to and the use of the association's  
155.29 sports and athletic facilities are taxable.

155.30 (b) For purposes of this subdivision, a "nonprofit organization offering similar services"  
155.31 means an organization described in section 501(c)(3) of the Internal Revenue Code, whose

156.1 mission is to support youth and families through a variety of activities, including membership  
156.2 allowing access to athletic facilities, and who provide free or reduced-price memberships  
156.3 to seniors or low-income persons or families.

156.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
156.5 30, 2017.

156.6 Sec. 15. Minnesota Statutes 2016, section 297A.70, subdivision 14, is amended to read:

156.7 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible  
156.8 personal property or services at, and admission charges for fund-raising events sponsored  
156.9 by, a nonprofit organization are exempt if:

156.10 (1) all gross receipts are recorded as such, in accordance with generally accepted  
156.11 accounting practices, on the books of the nonprofit organization; and

156.12 (2) the entire proceeds, less the necessary expenses for the event, will be used solely  
156.13 and exclusively for charitable, religious, or educational purposes. Exempt sales include the  
156.14 sale of prepared food, candy, and soft drinks at the fund-raising event.

156.15 (b) This exemption is limited in the following manner:

156.16 (1) it does not apply to admission charges for events involving bingo or other gambling  
156.17 activities or to charges for use of amusement devices involving bingo or other gambling  
156.18 activities;

156.19 (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
156.20 charitable, religious, or educational purposes;

156.21 (3) it does not apply unless the organization keeps a separate accounting record, including  
156.22 receipts and disbursements from each fund-raising event that documents all deductions from  
156.23 gross receipts with receipts and other records;

156.24 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as  
156.25 the active or passive agent of a person that is not a nonprofit corporation;

156.26 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

156.27 (6) it does not apply to fund-raising events conducted on premises leased for more than  
156.28 ~~five~~ ten days but less than 30 days; and

156.29 (7) it does not apply if the risk of the event is not borne by the nonprofit organization  
156.30 and the benefit to the nonprofit organization is less than the total amount of the state and  
156.31 local tax revenues forgone by this exemption.

157.1 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of  
157.2 government, corporation, society, association, foundation, or institution organized and  
157.3 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans'  
157.4 purposes, no part of the net earnings of which inures to the benefit of a private individual.

157.5 (d) For purposes of this subdivision, "fund-raising events" means activities of limited  
157.6 duration, not regularly carried out in the normal course of business, that attract patrons for  
157.7 community, social, and entertainment purposes, such as auctions, bake sales, ice cream  
157.8 socials, block parties, carnivals, competitions, concerts, concession stands, craft sales,  
157.9 bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals,  
157.10 galas, special event workshops, sporting activities such as marathons and tournaments, and  
157.11 similar events. Fund-raising events do not include the operation of a regular place of business  
157.12 in which services are provided or sales are made during regular hours such as bookstores,  
157.13 thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or  
157.14 other activities carried out in the normal course of business.

157.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
157.16 30, 2017.

157.17 Sec. 16. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
157.18 to read:

157.19 **Subd. 20. City celebrations.** (a) Sales of tangible personal property or services and  
157.20 admissions charges to a city-designated annual city celebration designed to promote  
157.21 community spirit and cooperation are exempt. Exempt sales include the sale of prepared  
157.22 food, candy, soft drinks, malt liquor and wine as defined in section 340A.101, subdivisions  
157.23 16, 19, and 27, at the event. The governing board of a statutory or home rule charter city  
157.24 with a population of less than 30,000 may designate one event in each calendar year as the  
157.25 annual city celebration that qualifies for the exemption under this subdivision. For a  
157.26 celebration to qualify, it must meet the following requirements:

157.27 (1) the event must be held on consecutive days, not to exceed ten days in total;

157.28 (2) the event must be run either by the city or by a nonprofit organization designated by  
157.29 the city;

157.30 (3) all gross receipts of the event are recorded as such, in accordance with generally  
157.31 accepted accounting practice on the books of the city or the designated nonprofit organization;  
157.32 and

158.1 (4) the entire proceeds, less the necessary expenses, will be distributed to one or more  
158.2 of the following for charitable, educational, civic, or governmental purposes:

158.3 (i) the city's general fund;

158.4 (ii) a nonprofit 501(c)(3) organization to promote its primary mission; or

158.5 (iii) a nonprofit 501(c)(4) organization to promote its primary mission, however, no  
158.6 revenues from this event may be used by the organization for lobbying or political activities.

158.7 (b) This exemption is limited in the following manner:

158.8 (1) it does not apply to admission charges for events involving bingo or other gambling  
158.9 activities or to charges for use of amusement devices involving bingo or other gambling  
158.10 activities;

158.11 (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
158.12 charitable, educational, civic, or governmental purposes; and

158.13 (3) it does not apply unless the city or designated nonprofit organization keeps a separate  
158.14 accounting record, including receipts and disbursements for all events included in the  
158.15 celebration that documents all deductions from gross receipts with receipts and other records.

158.16 (c) For purposes of this subdivision, "nonprofit organization" means any unit of  
158.17 government, corporation, society, association, foundation, or institution organized and  
158.18 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans'  
158.19 purposes, no part of the net earnings of which inures to the benefit of a private individual.

158.20 (d) For purposes of this subdivision, "city celebration" means any of the following  
158.21 activities or combination of activities of limited duration, not regularly carried out in the  
158.22 normal course of business, that attract patrons for community, social, and entertainment  
158.23 purposes, such as parades, auctions, bake sales, ice cream socials, block parties, carnivals,  
158.24 competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, fairs, fashion  
158.25 shows, festivals, galas, special event workshops, sporting activities such as marathons and  
158.26 tournaments, and similar events. A city celebration does not include the operation of a  
158.27 regular place of business in which services are provided or sales are made during regular  
158.28 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, or  
158.29 regularly scheduled activities carried out in the normal course of business.

158.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
158.31 30, 2017.

159.1 Sec. 17. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
159.2 to read:

159.3 Subd. 21. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
159.4 of operating ice arenas or rinks that are part of the Duluth Heritage Sports Center and are  
159.5 used for youth and high school programs are exempt if the organization is a private, nonprofit  
159.6 corporation exempt from federal income taxation under section 501(c)(3) of the Internal  
159.7 Revenue Code.

159.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
159.9 30, 2017.

159.10 Sec. 18. Minnesota Statutes 2016, section 297A.71, subdivision 44, is amended to read:

159.11 Subd. 44. **Building materials, capital projects.** (a) Materials and supplies used or  
159.12 consumed in and equipment incorporated into the construction or improvement of a capital  
159.13 project funded partially or wholly under section 297A.9905 are exempt, provided that the  
159.14 project has a total construction cost of at least \$40,000,000 within a 24-month period.

159.15 (b) Materials and supplies used or consumed in and equipment incorporated into the  
159.16 construction, remodeling, expansion, or improvement of an ice arena or other buildings or  
159.17 facilities owned and operated by the city of Plymouth are exempt. For purposes of this  
159.18 paragraph, "facilities" include municipal streets and facilities associated with streets including  
159.19 but not limited to lighting, curbs and gutters, and sidewalks. The total amount of refund on  
159.20 all building materials, supplies, and equipment that the city may apply for under this  
159.21 paragraph is \$2,500,000.

159.22 (c) The tax on purchases exempt under this provision must be imposed and collected as  
159.23 if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner  
159.24 provided in section 297A.75.

159.25 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
159.26 made after January 1, 2013.

159.27 Sec. 19. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
159.28 to read:

159.29 Subd. 49. **Construction materials purchased by contractors; exemption for certain**  
159.30 **entities.** (a) Building, construction, or reconstruction materials, supplies, and equipment  
159.31 purchased by a contractor, subcontractor, or builder and used or consumed in or incorporated  
159.32 into buildings or facilities used principally by the following entities are exempt:

- 160.1 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c);  
160.2 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d);  
160.3 (3) hospitals and nursing homes owned and operated by political subdivisions of the  
160.4 state, as defined under section 297A.70, subdivision 2, paragraph (a), clause (3);  
160.5 (4) public libraries; library systems; multicounty, multitype library systems, as defined  
160.6 in section 134.001; and county law libraries under chapter 134A;  
160.7 (5) nonprofit groups, as defined under section 297A.70, subdivision 4;  
160.8 (6) hospitals, outpatient surgical centers, and critical access dental providers, as defined  
160.9 under section 297A.70, subdivision 7; and  
160.10 (7) nursing homes and boarding care homes, as defined under section 297A.70,  
160.11 subdivision 18.

160.12 (b) Materials, supplies, and equipment used in the construction, reconstruction, repair,  
160.13 maintenance, or improvement of public infrastructure of any kind including, but not limited  
160.14 to, roads, bridges, culverts, drinking water facilities, and wastewater facilities purchased  
160.15 by a contractor or subcontractor of the following entities are exempt:

- 160.16 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c); or  
160.17 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d).

160.18 (c) The tax on purchases exempt under this subdivision must be imposed and collected  
160.19 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner  
160.20 provided in section 297A.75.

160.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
160.22 30, 2017.

160.23 Sec. 20. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
160.24 to read:

160.25 Subd. 50. **Properties destroyed by fire.** Building materials and supplies used in, and  
160.26 equipment incorporated into, the construction or replacement of real property that is located  
160.27 in Madelia affected by the fire on February 3, 2016, are exempt. The tax must be imposed  
160.28 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
160.29 in the manner provided in section 297A.75.

160.30 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
160.31 made after December 31, 2015, and before July 1, 2018.



161.1 Sec. 21. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
161.2 to read:

161.3 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used in,  
161.4 and equipment incorporated into, the construction or replacement of real property that is  
161.5 located in Melrose affected by the fire on September 8, 2016, are exempt.

161.6 (b) For sales and purchases made after September 30, 2016, and before April 1, 2017,  
161.7 the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1,  
161.8 applied and then refunded in the manner provided in section 297A.75.

161.9 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
161.10 made after September 30, 2016, and before January 1, 2019, except that the refund provisions  
161.11 of paragraph (b) are effective for sales and purchases made after September 30, 2016, and  
161.12 before April 1, 2017.

161.13 Sec. 22. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
161.14 to read:

161.15 Subd. 52. **Building materials; Major League Soccer stadium.** Materials and supplies  
161.16 used or consumed in, and equipment incorporated into, the construction of a Major League  
161.17 Soccer stadium and related infrastructure constructed in the city of St. Paul are exempt.  
161.18 This subdivision expires one year after the date the first Major League Soccer game is played  
161.19 in the stadium.

161.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
161.21 day following final enactment.

161.22 Sec. 23. Minnesota Statutes 2016, section 297A.75, subdivision 1, is amended to read:

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

161.26 (1) building materials for an agricultural processing facility exempt under section  
161.27 297A.71, subdivision 13;

161.28 (2) building materials for mineral production facilities exempt under section 297A.71,  
161.29 subdivision 14;

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

- 162.1 (4) building materials used in a residence for disabled veterans exempt under section  
162.2 297A.71, subdivision 11;
- 162.3 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 162.4 (6) materials and supplies for qualified low-income housing under section 297A.71,  
162.5 subdivision 23;
- 162.6 (7) materials, supplies, and equipment for municipal electric utility facilities under  
162.7 section 297A.71, subdivision 35;
- 162.8 (8) equipment and materials used for the generation, transmission, and distribution of  
162.9 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
162.10 37;
- 162.11 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
162.12 (a), clause (10);
- 162.13 (10) materials, supplies, and equipment for construction or improvement of projects and  
162.14 facilities under section 297A.71, subdivision 40;
- 162.15 (11) materials, supplies, and equipment for construction, improvement, or expansion  
162.16 of:
- 162.17 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
162.18 section 297A.71, subdivision 42;
- 162.19 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
162.20 45;
- 162.21 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
162.22 297A.71, subdivision 46; and
- 162.23 (iv) an industrial measurement manufacturing and controls facility exempt under  
162.24 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 162.25 (12) enterprise information technology equipment and computer software for use in a  
162.26 qualified data center exempt under section 297A.68, subdivision 42;
- 162.27 (13) materials, supplies, and equipment for qualifying capital projects under section  
162.28 297A.71, subdivision 44;
- 162.29 (14) items purchased for use in providing critical access dental services exempt under  
162.30 section 297A.70, subdivision 7, paragraph (c); ~~and~~

163.1 (15) items and services purchased under a business subsidy agreement for use or  
163.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
163.3 44;

163.4 (16) building construction or reconstruction materials, supplies, and equipment purchased  
163.5 by an entity eligible under section 297A.71, subdivision 49;

163.6 (17) building materials, equipment, and supplies for constructing or replacing real  
163.7 property exempt under section 297A.71, subdivision 50; and

163.8 (18) building materials, equipment, and supplies for constructing or replacing real  
163.9 property exempt under section 297A.71, subdivision 51, paragraph (b).

163.10 **EFFECTIVE DATE.** (a) The amendment adding clause (16) is effective for sales and  
163.11 purchases made after June 30, 2017.

163.12 (b) The amendment adding clause (17) is effective retroactively for sales and purchases  
163.13 made after December 31, 2015.

163.14 (c) The amendment adding clause (18) is effective retroactively for sales and purchases  
163.15 made after September 30, 2016.

163.16 Sec. 24. Minnesota Statutes 2016, section 297A.75, subdivision 2, is amended to read:

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

163.20 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

163.21 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

163.24 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
163.25 property;

163.26 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

163.27 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
163.28 joint venture of municipal electric utilities;

163.29 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
163.30 business; ~~and~~

164.1 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental  
164.2 entity that owns or contracts for the project or facility;

164.3 (9) for subdivision 1, clause (16), the applicant must be the entity eligible under section  
164.4 297A.71, subdivision 49;

164.5 (10) for subdivision 1, clause (17), the applicant must be the owner or developer of the  
164.6 building or project; and

164.7 (11) for subdivision 1, clause (18), the applicant must be the owner or developer of the  
164.8 building or project.

164.9 **EFFECTIVE DATE.** (a) The amendment adding clause (9) is effective for sales and  
164.10 purchases made after June 30, 2017.

164.11 (b) The amendment adding clause (10) is effective retroactively for sales and purchases  
164.12 made after December 31, 2015.

164.13 (c) The amendment adding clause (11) is effective retroactively for sales and purchases  
164.14 made after September 30, 2016.

164.15 Sec. 25. Minnesota Statutes 2016, section 297A.75, subdivision 3, is amended to read:

164.16 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
164.17 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
164.18 or builder, under subdivision 1, clauses (3) to (13), ~~or (15), (16), (17), or (18),~~ the contractor,  
164.19 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
164.20 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
164.21 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
164.22 this section.

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

164.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
164.26 30, 2017.

164.27 Sec. 26. Minnesota Statutes 2016, section 297A.75, subdivision 5, is amended to read:

164.28 Subd. 5. **Appropriation.** (a) The amount required to make the refunds is annually  
164.29 appropriated to the commissioner.

165.1 (b) For fiscal years 2018 and 2019 only, revenues dedicated under the Minnesota  
165.2 Constitution, article XI, section 15, shall not be reduced for any portion of the refunds paid  
165.3 for the following exemptions:

165.4 (1) the exemption under section 297A.71, subdivision 44, paragraph (b);

165.5 (2) the expansion of the exemption under section 297A.68, subdivision 44, due to section  
165.6 30; and

165.7 (3) the exemptions in section 297A.71, subdivisions 49, 50, and 51.

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

165.9 Sec. 27. Minnesota Statutes 2016, section 297A.94, is amended to read:

165.10 **297A.94 DEPOSIT OF REVENUES.**

165.11 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
165.12 including interest and penalties, derived from the taxes imposed by this chapter in the state  
165.13 treasury and credit them to the general fund.

165.14 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
165.15 account in the special revenue fund if:

165.16 (1) the taxes are derived from sales and use of property and services purchased for the  
165.17 construction and operation of an agricultural resource project; and

165.18 (2) the purchase was made on or after the date on which a conditional commitment was  
165.19 made for a loan guaranty for the project under section 41A.04, subdivision 3.

165.20 The commissioner of management and budget shall certify to the commissioner the date on  
165.21 which the project received the conditional commitment. The amount deposited in the loan  
165.22 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
165.23 of Revenue to administer and enforce the assessment and collection of the taxes.

165.24 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
165.25 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
165.26 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

165.27 (1) first to the general obligation special tax bond debt service account in each fiscal  
165.28 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

165.29 (2) after the requirements of clause (1) have been met, the balance to the general fund.

165.30 (d) The commissioner shall deposit the revenues, including interest and penalties,  
165.31 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the

166.1 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
166.2 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
166.3 subdivision 5, for the previous calendar year.

166.4 (e) 72.43 percent of the revenues, including interest and penalties, transmitted to the  
166.5 commissioner under section 297A.65, must be deposited by the commissioner in the state  
166.6 treasury as follows:

166.7 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
166.8 the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
166.9 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
166.10 water, and other natural resources of the state;

166.11 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
166.12 be spent only for state parks and trails;

166.13 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
166.14 be spent only on metropolitan park and trail grants;

166.15 (4) three percent of the receipts must be deposited in the natural resources fund, and  
166.16 may be spent only on local trail grants; and

166.17 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
166.18 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
166.19 and the Duluth Zoo.

166.20 (f) The revenue dedicated under paragraph (e) may not be used as a substitute for  
166.21 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
166.22 supplement traditional sources of funding for those purposes. Land acquired with money  
166.23 deposited in the game and fish fund under paragraph (e) must be open to public hunting  
166.24 and fishing during the open season, except that in aquatic management areas or on lands  
166.25 where angling easements have been acquired, fishing may be prohibited during certain times  
166.26 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
166.27 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
166.28 resources under paragraph (e) must be allocated for field operations.

166.29 (g) The commissioner must deposit the revenues, including interest and penalties minus  
166.30 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
166.31 that may be sold to persons 18 years old or older and that are not prohibited from use by  
166.32 the general public under section 624.21, in the state treasury and credit:

167.1 (1) 25 percent to the volunteer fire assistance grant account established under section  
167.2 88.068;

167.3 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
167.4 3; and

167.5 (3) the remainder to the general fund.

167.6 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
167.7 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
167.8 sold to persons 18 years old or older and are not prohibited from use by the general public  
167.9 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
167.10 the state, with the percentage determined under section 28.

167.11 ~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include the revenues,  
167.12 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
167.13 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
167.14 article XI, section 15.

167.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
167.16 December 31, 2017.

167.17 **Sec. 28. CALCULATION OF THE PERCENT OF SALES TAX REVENUE**  
167.18 **ATTRIBUTABLE TO THE SALE OF CERTAIN FIREWORKS-RELATED ITEMS.**

167.19 By December 1, 2017, the commissioner of revenue must estimate the percentage of  
167.20 total sales tax revenues collected in calendar year 2016 that is attributable to the sales and  
167.21 purchases of items regulated under Minnesota Statutes, section 624.20, subdivision 1, that  
167.22 are allowed to be sold to persons 18 years old or older and that are not prohibited from use  
167.23 by the general public under section 624.21. When making the determination, the  
167.24 commissioner may consult with representatives from producers and retailers, industry trade  
167.25 groups, and the most recently available national and state information. The commissioner's  
167.26 decision is final. The commissioner's determination under this section is not a rule and is  
167.27 not subject to Minnesota Statutes, chapter 14, including section 14.386.

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

167.29 **Sec. 29. SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS USED**  
167.30 **BY A NONPROFIT ECONOMIC DEVELOPMENT CORPORATION.**

167.31 Subdivision 1. **Exemption; refund.** Materials and supplies used or consumed in and  
167.32 equipment incorporated into the construction of a retail development consisting of retail

168.1 space for a grocery store, fueling center, or other retail space by a nonprofit economic  
168.2 development corporation that is a 501(c)(3) organization are exempt from sales and use tax  
168.3 under Minnesota Statutes, chapter 297A, provided that the development is located in a city  
168.4 with no grocery store and the city is at least 20 miles from another city with a grocery store.  
168.5 The exemption applies to materials, supplies, and equipment purchased after January 1,  
168.6 2013, and before January 1, 2017. The tax must be imposed and collected as if the rate in  
168.7 Minnesota Statutes, section 297A.62, applied and the nonprofit economic development  
168.8 corporation must apply for the refund of the tax in the same manner as provided under  
168.9 Minnesota Statutes, section 297A.75, subdivision 1, clause (11).

168.10 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1  
168.11 is appropriated from the general fund to the commissioner of revenue.

168.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
168.13 applies retroactively to sales and purchases made after January 1, 2013, and before January  
168.14 1, 2017.

168.15 Sec. 30. **EXEMPTION FROM JOB EXPANSION PROGRAM PROVISIONS.**

168.16 (a) Notwithstanding the seven-year certification period under Minnesota Statutes, section  
168.17 116J.8738, subdivision 3, the certification period for an eligible wholesale electronic  
168.18 component distribution center investing a minimum of \$200,000,000 and constructing a  
168.19 facility at least 700,000 square feet in size is effective for the ten-year period beginning on  
168.20 the first day of the calendar month immediately following the date that the commissioner  
168.21 informs the business of the award of the benefit.

168.22 (b) Notwithstanding the sales tax exemption limitations under Minnesota Statutes, section  
168.23 116J.8738, subdivision 4, the sales tax exemption for an eligible electronic component  
168.24 distribution center investing a minimum of \$200,000,000 and constructing a facility at least  
168.25 700,000 square feet in size may be authorized up to \$5,000,000 annually and up to  
168.26 \$30,000,000 during the total period of the agreement.

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

168.28 Sec. 31. **CERTAIN REIMBURSEMENT AUTHORIZED; CONSIDERED**  
168.29 **OPERATING OR CAPITAL EXPENSES.**

168.30 Subdivision 1. **Reimbursement authorized.** (a) An amount equivalent to the taxes paid  
168.31 under Minnesota Statutes, chapter 297A, and any local taxes administered by the Department  
168.32 of Revenue, on purchases of tangible personal property, nonresidential parking services,



169.1 and lodging, as these terms are defined in Minnesota Statutes, chapter 297A, used and  
169.2 consumed in connection with Super Bowl LII or related events sponsored by the National  
169.3 Football League or its affiliates, will be reimbursed by the Minnesota Sports Facilities  
169.4 Authority up to \$1,600,000, if made after June 30, 2016, and before March 1, 2018. Only  
169.5 purchases made by the Minnesota Super Bowl Host Committee, the National Football  
169.6 League or its affiliates, or their employees or independent contractors, qualify to be  
169.7 reimbursed under this section.

169.8 (b) For purposes of this subdivision:

169.9 (1) "employee or independent contractor" means only those employees or independent  
169.10 contractors that make qualifying purchases that are reimbursed by the Minnesota Super  
169.11 Bowl Host Committee or the National Football League or its affiliates; and

169.12 (2) "related events sponsored by the National Football League or its affiliates" includes  
169.13 but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL Honors,  
169.14 and NFL House.

169.15 Subd. 2. **Operating reserve and capital reserve fund.** Notwithstanding the requirements  
169.16 of Minnesota Statutes, section 473J.13, subdivisions 2 and 4, up to \$1,600,000 of the balance  
169.17 in the operating reserve or capital reserve fund may be used for the purposes of paying  
169.18 reimbursements authorized under subdivision 1.

169.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
169.20 30, 2016, and before March 1, 2018.

169.21 Sec. 32. **REIMBURSEMENTS TO CERTAIN CONSTITUTIONALLY DEDICATED**  
169.22 **FUNDS FOR EXPANDED SALES TAX EXEMPTIONS.**

169.23 The commissioner of management and budget, by June 15 in fiscal years 2018 and 2019  
169.24 only, shall increase the revenues transferred from the general fund as required under the  
169.25 Minnesota Constitution, article XI, section 15, an amount equal to the estimated amount of  
169.26 reduction to these revenues for that fiscal year due to the enactment of new sales tax  
169.27 exemptions or the expansion of existing sales tax exemptions under sections 7, 8, 10 to 17,  
169.28 and 22, and to changes in tobacco taxes under Minnesota Statutes, chapter 297F, in article  
169.29 10. The commissioner of revenue shall make the estimate of this revenue reduction by June  
169.30 1 of each fiscal year and inform the commissioner of management and budget. The  
169.31 appropriations under this section are onetime and not added to the base budget.

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

170.1 Sec. 33. **REPORT ON TAXATION OF STADIUM SUITES.**

170.2 The commissioner of revenue shall prepare a report on the sales and use tax treatment  
170.3 of the sale of suites and suite licenses in professional athletic facilities in other states. The  
170.4 report must be completed on or before February 1, 2018, and provided to the chairs and  
170.5 ranking minority members of the legislative committees with jurisdiction over taxes. The  
170.6 purpose of the report is to determine the range of sales and use tax treatment of these items  
170.7 across the country, and how Minnesota's current tax treatment of suites and suite licenses  
170.8 fits into that range.

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

170.10 Sec. 34. **SEVERABILITY.**

170.11 If any provision of sections 3 to 6 or the application thereof is held invalid, such invalidity  
170.12 shall not affect the provisions or applications of the sections that can be given effect without  
170.13 the invalid provisions or applications.

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

170.15 Sec. 35. **APPROPRIATION.**

170.16 \$1,392,258 in fiscal year 2018 is appropriated from the general fund to the commissioner  
170.17 of revenue for a grant to the city of Melrose for the following purposes:

170.18 (1) \$450,000 for municipal street and utility reconstruction;

170.19 (2) \$250,000 for unreimbursed costs of hazardous materials removal; and

170.20 (3) \$692,258 for tax abatements for reconstructed buildings.

170.21 The appropriation under this section is onetime and is not added to the base budget.

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

170.23 Sec. 36. **EFFECTIVE DATE.**

170.24 (a) The provisions of sections 3 to 6 are effective at the earlier of:

170.25 (1) a decision by the United States Supreme Court modifying its decision in Quill Corp.  
170.26 v. North Dakota, 504 U.S. 298 (1992) so that a state may require retailers without a physical  
170.27 presence in the state to collect and remit sales tax; or

170.28 (2) July 1, 2020.

171.1 (b) Notwithstanding paragraph (a) or the provisions of sections 3 to 6, if a federal law  
171.2 is enacted authorizing a state to impose a requirement to collect and remit sales tax on  
171.3 retailers without a physical presence in the state, the commissioner must enforce the  
171.4 provisions of this section and sections 3 to 6 to the extent allowed under federal law.

171.5 (c) The commissioner of revenue shall notify the revisor of statutes when either of the  
171.6 provisions in paragraph (a) or (b) apply.

## 171.7 **ARTICLE 5**

### 171.8 **AIDS, CREDITS, AND REFUNDS**

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

171.10 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general fund  
171.11 payments for a district nonoperating fund must be made at the current year aid payment  
171.12 percentage of the estimated entitlement during the fiscal year of the entitlement. This amount  
171.13 shall be paid in ~~12~~ six equal monthly installments beginning in July. The amount of the  
171.14 actual entitlement, after adjustment for actual data, minus the payments made during the  
171.15 fiscal year of the entitlement must be paid prior to October 31 of the following school year.  
171.16 The commissioner may make advance payments of debt service equalization aid and  
171.17 state-paid tax credits for a district's debt service fund earlier than would occur under the  
171.18 preceding schedule if the district submits evidence showing a serious cash flow problem in  
171.19 the fund. The commissioner may make earlier payments during the year and, if necessary,  
171.20 increase the percent of the entitlement paid to reduce the cash flow problem.

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

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

171.23 Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 10, 11, 12, 12a,  
171.24 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,  
171.25 120B, 121A, 122A, 123A, 123B, 124D, 124E, 125A, 125B, 126C, 134, and section 273.1392,  
171.26 shall be paid at the current year aid payment percentage of the estimated entitlement during  
171.27 the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated  
171.28 entitlement for special education aid under section 125A.76 for fiscal year 2014 and later  
171.29 equals 97.4 percent of the district's entitlement for the current fiscal year. The final adjustment  
171.30 payment, according to subdivision 9, must be the amount of the actual entitlement, after  
171.31 adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

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

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

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

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

172.9 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
172.10 allowed under this section within the county for each taxes payable year and shall certify  
172.11 that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted  
172.12 under section 275.29. Any prior year adjustments shall also be certified on the abstracts of  
172.13 tax lists. The commissioner shall review the certifications for accuracy, and may make such  
172.14 changes as are deemed necessary, or return the certification to the county auditor for  
172.15 correction. The credit under this section must be used to reduce the school district net tax  
172.16 capacity-based property tax as provided in section 273.1393.

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

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

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

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

172.25 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

172.26 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
172.27 conservation tax credits under section 273.119; disaster or emergency reimbursement under  
172.28 sections 273.1231 to 273.1235; ~~homestead and~~ agricultural credits under ~~section~~ sections  
172.29 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property  
172.30 credit payments under section 469.171; and metropolitan agricultural preserve reduction  
172.31 under section 473H.10 for school districts, shall be certified to the Department of Education  
172.32 by the Department of Revenue. The amounts so certified shall be paid according to section  
172.33 127A.45, subdivisions 9, 10, and 13.

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

173.2 Sec. 5. Minnesota Statutes 2016, section 273.1393, is amended to read:

173.3 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

173.4 Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
173.5 by subtracting the credits in the order listed from the gross tax:

173.6 (1) disaster credit as provided in sections 273.1231 to 273.1235;

173.7 (2) powerline credit as provided in section 273.42;

173.8 (3) agricultural preserves credit as provided in section 473H.10;

173.9 (4) enterprise zone credit as provided in section 469.171;

173.10 (5) disparity reduction credit;

173.11 (6) conservation tax credit as provided in section 273.119;

173.12 (7) the school bond credit as provided in section 273.1387;

173.13 (8) agricultural credit as provided in section 273.1384;

173.14 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;

173.15 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and

173.16 ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.

173.17 The combination of all property tax credits must not exceed the gross tax amount.

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

173.19 Sec. 6. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

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

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

173.27 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
173.28 taxing authority proposes to collect for taxes payable the following year. In the case of a

174.1 town, or in the case of the state general tax, the final tax amount will be its proposed tax.

174.2 The notice must clearly state for each city that has a population over 500, county, school

174.3 district, regional library authority established under section 134.201, and metropolitan taxing

174.4 districts as defined in paragraph (i), the time and place of a meeting for each taxing authority

174.5 in which the budget and levy will be discussed and public input allowed, prior to the final

174.6 budget and levy determination. The taxing authorities must provide the county auditor with

174.7 the information to be included in the notice on or before the time it certifies its proposed

174.8 levy under subdivision 1. The public must be allowed to speak at that meeting, which must

174.9 occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone

174.10 number for the taxing authority that taxpayers may call if they have questions related to the

174.11 notice and an address where comments will be received by mail, except that no notice

174.12 required under this section shall be interpreted as requiring the printing of a personal

174.13 telephone number or address as the contact information for a taxing authority. If a taxing

174.14 authority does not maintain public offices where telephone calls can be received by the

174.15 authority, the authority may inform the county of the lack of a public telephone number and

174.16 the county shall not list a telephone number for that taxing authority.

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

174.18 (1) the market value of the property as determined under section 273.11, and used for

174.19 computing property taxes payable in the following year and for taxes payable in the current

174.20 year as each appears in the records of the county assessor on November 1 of the current

174.21 year; and, in the case of residential property, whether the property is classified as homestead

174.22 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market

174.23 values apply and that the values are final values;

174.24 (2) the items listed below, shown separately by county, city or town, and state general

174.25 tax, agricultural homestead credit under section 273.1384, school building bond agricultural

174.26 credit under section 273.1387, voter approved school levy, other local school levy, and the

174.27 sum of the special taxing districts, and as a total of all taxing authorities:

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

174.29 (ii) the proposed tax amount.

174.30 If the county levy under clause (2) includes an amount for a lake improvement district

174.31 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose

174.32 must be separately stated from the remaining county levy amount.

174.33 In the case of a town or the state general tax, the final tax shall also be its proposed tax

174.34 unless the town changes its levy at a special town meeting under section 365.52. If a school

175.1 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
175.2 in the school district at the November general election, the county auditor must note next  
175.3 to the school district's proposed amount that a referendum is pending and that, if approved  
175.4 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
175.5 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
175.6 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
175.7 the St. Paul Library Agency must be listed separately from the remaining amount of the  
175.8 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
175.9 listed separately from the remaining amount of the county's levy. In the case of a parcel  
175.10 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
175.11 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
175.12 capacity subject to the areawide tax must each be stated separately and not included in the  
175.13 sum of the special taxing districts; and

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

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

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

175.21 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

176.21 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
176.22 473.521, 473.547, or 473.834;

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

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

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

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



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

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

177.5 (2) population growth and decline;

177.6 (3) state or federal government action; and

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

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

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

177.14 Sec. 7. Minnesota Statutes 2016, section 275.07, subdivision 2, is amended to read:

177.15 Subd. 2. **School district in more than one county levies; special requirements.** (a) In  
177.16 school districts lying in more than one county, the clerk shall certify the tax levied to the  
177.17 auditor of the county in which the administrative offices of the school district are located.

177.18 (b) The district must identify the portion of the school district levy that is levied for debt  
177.19 service at the time the levy is certified under this section. For the purposes of this paragraph,  
177.20 "levied for debt service" means levies authorized under sections 123B.53, 123B.535, and  
177.21 123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions  
177.22 under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment  
177.23 of other postemployment benefits under section 475.52, subdivision 6.

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

177.25 Sec. 8. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

177.26 Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net  
177.27 tax capacity under section 275.07 by an individual local government unit shall be divided  
177.28 by the total net tax capacity of all taxable properties within the local government unit's  
177.29 taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by  
177.30 each property's net tax capacity shall be each property's net tax capacity tax for that local  
177.31 government unit before reduction by any credits.

178.1 (b) The auditor must also determine the school debt tax rate for each school district equal  
178.2 to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by  
178.3 (2) the total net tax capacity of all taxable property within the district.

178.4 (c) Any amount certified to the county auditor to be levied against market value shall  
178.5 be divided by the total referendum market value of all taxable properties within the taxing  
178.6 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each  
178.7 property's referendum market value shall be each property's new referendum tax before  
178.8 reduction by any credits. For the purposes of this subdivision, "referendum market value"  
178.9 means the market value as defined in section 126C.01, subdivision 3.

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

178.11 Sec. 9. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

178.12 **Subd. 2. Contents of tax statements.** (a) The treasurer shall provide for the printing of  
178.13 the tax statements. The commissioner of revenue shall prescribe the form of the property  
178.14 tax statement and its contents. The tax statement must not state or imply that property tax  
178.15 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
178.16 of the dollar amount due to each taxing authority and the amount of the state tax from the  
178.17 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
178.18 attributable to the county, the state tax, the voter approved school tax, the other local school  
178.19 tax, the township or municipality, and the total of the metropolitan special taxing districts  
178.20 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
178.21 amounts due all other special taxing districts, if any, may be aggregated except that any  
178.22 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
178.23 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
178.24 under the appropriate county's levy. If the county levy under this paragraph includes an  
178.25 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
178.26 the amount attributable for that purpose must be separately stated from the remaining county  
178.27 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
178.28 an amount for public library service under section 134.07, the amount attributable for that  
178.29 purpose may be separated from the remaining county levy amount. The amount of the tax  
178.30 on homesteads qualifying under the senior citizens' property tax deferral program under  
178.31 chapter 290B is the total amount of property tax before subtraction of the deferred property  
178.32 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
178.33 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
178.34 amount of any special assessments, may be rounded to the nearest even whole dollar. For

179.1 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
179.2 even-numbered dollar. The amount of market value excluded under section 273.11,  
179.3 subdivision 16, if any, must also be listed on the tax statement.

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

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

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

179.12 (2) the property's homestead market value exclusion under section 273.13, subdivision  
179.13 35;

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

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

179.16 (5) for ~~homestead~~ agricultural properties, the ~~credit~~ credits under ~~section~~ sections  
179.17 273.1384 and 273.1387;

179.18 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
179.19 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit  
179.20 received under section 273.135 must be separately stated and identified as "taconite tax  
179.21 relief"; and

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

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

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

180.1 Sec. 10. Minnesota Statutes 2016, section 290A.03, subdivision 11, is amended to read:

180.2 Subd. 11. **Rent constituting property taxes.** (a) "Rent constituting property taxes"  
180.3 means ~~17 percent~~ a percentage of the gross rent actually paid in cash, or its equivalent, or  
180.4 the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the  
180.5 right of occupancy of the claimant's Minnesota homestead in the calendar year, and which  
180.6 rent constitutes the basis, in the succeeding calendar year of a claim for relief under this  
180.7 chapter by the claimant.

180.8 (b) The percentage in paragraph (a) is set by major geographic regions as follows:

180.9 (1) for the city of Minneapolis, 16.5 percent;

180.10 (2) for the city of St. Paul, 14 percent;

180.11 (3) for the counties of Anoka; Dakota; Hennepin, excluding the city of Minneapolis;  
180.12 and Ramsey, excluding the city of St. Paul, 15 percent; and

180.13 (4) for the remainder of the state, 14 percent.

180.14 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017  
180.15 and following years.

180.16 Sec. 11. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

180.17 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
180.18 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
180.19 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
180.20 and any other state paid property tax credits in any calendar year, and after any refund  
180.21 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
180.22 year that the property tax is payable. In the case of a claimant who makes ground lease  
180.23 payments, "property taxes payable" includes the amount of the payments directly attributable  
180.24 to the property taxes assessed against the parcel on which the house is located. No  
180.25 apportionment or reduction of the "property taxes payable" shall be required for the use of  
180.26 a portion of the claimant's homestead for a business purpose if the claimant does not deduct  
180.27 any business depreciation expenses for the use of a portion of the homestead in the  
180.28 determination of federal adjusted gross income. For homesteads which are manufactured  
180.29 homes as defined in section 273.125, subdivision 8, and for homesteads which are park  
180.30 trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes  
180.31 payable" shall also include ~~17 percent~~ a percentage of the gross rent paid in the preceding  
180.32 year for the site on which the homestead is located. The percentage equals the percentage  
180.33 set under subdivision 11 for the geographic region in which the homestead is located. When

181.1 a homestead is owned by two or more persons as joint tenants or tenants in common, such  
181.2 tenants shall determine between them which tenant may claim the property taxes payable  
181.3 on the homestead. If they are unable to agree, the matter shall be referred to the commissioner  
181.4 of revenue whose decision shall be final. Property taxes are considered payable in the year  
181.5 prescribed by law for payment of the taxes.

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

181.13 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017  
181.14 and following years.

181.15 Sec. 12. Minnesota Statutes 2016, section 469.169, is amended by adding a subdivision  
181.16 to read:

181.17 Subd. 20. **Additional border city allocations.** (a) In addition to the tax reductions  
181.18 authorized in subdivisions 12 to 19, the commissioner shall allocate \$3,000,000 for tax  
181.19 reductions to border city enterprise zones in cities located on the western border of the state.  
181.20 The commissioner shall allocate this amount among cities on a per capita basis. Allocations  
181.21 under this subdivision may be used for tax reductions under sections 469.171, 469.1732,  
181.22 and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in  
181.23 the enterprise zone, but only if the municipality determines that the granting of the tax  
181.24 reduction or offset is necessary to retain a business within or attract a business to the zone.

181.25 (b) The allocations under this subdivision do not cancel or expire, but remain available  
181.26 until used by the city.

181.27 Sec. 13. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to read:

181.28 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than  
181.29 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing  
181.30 percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus  
181.31 (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

182.1 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city  
182.2 revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing  
182.3 percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population  
182.4 decline; plus (5) the sparsity adjustment.

182.5 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  
182.6 410 plus; (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment.  
182.7 The city revenue need for a city under this paragraph shall not exceed 630 plus the city's  
182.8 sparsity adjustment.

182.9 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue  
182.10 need" equals (1) the transition factor times the city's revenue need calculated in paragraph  
182.11 (b); plus (2) 630 times the difference between one and the transition factor. For a city with  
182.12 a population of at least 10,000 but less than ~~10,500~~ 11,000, the "city revenue need" equals  
182.13 (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2)  
182.14 the city's revenue need calculated under the formula in paragraph (b) times the difference  
182.15 between one and the transition factor. For purposes of the first sentence of this paragraph  
182.16 "transition factor" is 0.2 percent times the amount that the city's population exceeds the  
182.17 ~~minimum threshold in either of the first two sentences.~~ For purposes of the second sentence  
182.18 of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population  
182.19 exceeds the minimum threshold.

182.20 (e) The city revenue need cannot be less than zero.

182.21 (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as  
182.22 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price  
182.23 deflator for government consumption expenditures and gross investment for state and local  
182.24 governments as prepared by the United States Department of Commerce, for the most  
182.25 recently available year to the 2013 implicit price deflator for state and local government  
182.26 purchases.

182.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
182.28 and thereafter.

182.29 Sec. 14. Minnesota Statutes 2016, section 477A.011, subdivision 45, is amended to read:

182.30 Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the  
182.31 sparsity adjustment is 100 for any city with an average population density less than 150 per  
182.32 square mile, according to the most recent federal census, ~~and~~ For a city with a population  
182.33 less than 10,000, the sparsity adjustment is 200 for any city with an average population

183.1 density less than 30 per square mile, according to the most recent federal census. The sparsity  
183.2 adjustment is zero for all other cities.

183.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
183.4 and thereafter.

183.5 Sec. 15. **[477A.0126] REIMBURSEMENT OF COUNTY AND TRIBES FOR**  
183.6 **CERTAIN OUT-OF-HOME PLACEMENT.**

183.7 Subdivision 1. **Definition.** For purposes of this section, "out-of-home placement" means  
183.8 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21,  
183.9 placed under chapter 260C and the Indian Child Welfare Act (ICWA), away from the child's  
183.10 parent or guardian and for whom the county social services agency or county correctional  
183.11 agency has been assigned responsibility for the child's placement and care, which includes  
183.12 placement in foster care under section 260C.007, subdivision 18, and a correctional facility  
183.13 pursuant to a court order.

183.14 Subd. 2. **Determination of nonfederal share of costs.** (a) By July 1, 2017, each county  
183.15 shall report the following information to the commissioners of human services and  
183.16 corrections:

183.17 (1) the separate amounts paid out of the county's social service agency and its corrections  
183.18 budget for out-of-home placement of children under the ICWA in calendar years 2013,  
183.19 2014, and 2015; and

183.20 (2) the number of case days associated with the expenditures from each budget.

183.21 The commissioner of human services shall prescribe the format of the report. By July 15,  
183.22 2017, the commissioner of human services, in consultation with the commissioner of  
183.23 corrections, shall certify to the commissioner of revenue and to the legislative committees  
183.24 with jurisdiction over local government aids and out-of-home placement funding whether  
183.25 the data reported under this subdivision accurately reflect total expenditures by counties for  
183.26 out-of-home placement costs of children under the ICWA.

183.27 (b) By January 1, 2018, and each January 1 thereafter, each county shall report to the  
183.28 commissioners of human services and corrections the separate amounts paid out of the  
183.29 county's social service agency and its corrections budget for out-of-home placement of  
183.30 children under the ICWA in the calendar years two years before the current calendar year  
183.31 along with the number of case days associated with the expenditures from each budget. The  
183.32 commissioner of human services shall prescribe the format of the report.

184.1 (c) Until the commissioner of human services develops another mechanism for collecting  
184.2 and verifying data on out-of-home placements of children under the ICWA, and the  
184.3 legislature authorizes the use of that data, the data collected under this subdivision must be  
184.4 used to calculate payments under subdivision 3. The commissioner of human services shall  
184.5 certify the nonfederal out-of-home placement costs for the three prior calendar years for  
184.6 each county and the amount of any federal reimbursement received by a tribe under the  
184.7 ICWA for the three prior calendar years to the commissioner of revenue by June 1 of the  
184.8 year before the aid payment.

184.9 Subd. 3. **Aid for counties.** For aids payable in calendar year 2018 and thereafter, the  
184.10 amount of reimbursement to each county is a county's proportionate share of the appropriation  
184.11 in subdivision 6 that remains after the aid for tribes has been paid. Each county's  
184.12 proportionate share is based on the county's average nonfederal share of the cost for  
184.13 out-of-home placement of children under the ICWA for the three calendar years that were  
184.14 certified by the commissioner of human services by June 1 of the prior year, provided that  
184.15 the commissioner of human services, in consultation with the commissioner of corrections,  
184.16 certifies to the commissioner of revenue that accurate data are available to make the aid  
184.17 determination under this section. For aids payable in calendar year 2018, each county's  
184.18 proportionate share is based on the county's nonfederal share of the cost for out-of-home  
184.19 placement of children under the ICWA that was certified by the commissioner of human  
184.20 services by July 15, 2017.

184.21 Subd. 4. **Aid for tribes.** For aids payable in 2018 and thereafter, the amount of  
184.22 reimbursement to each tribe shall be the greater of:

184.23 (1) five percent of the average reimbursement amount received from the federal  
184.24 government for out-of-home placement costs for the three calendar years that were certified  
184.25 by June 1 of the prior year; or

184.26 (2) \$200,000.

184.27 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of the  
184.28 reimbursement aid payable to each county and tribe under this section. On or before August  
184.29 1 of each year, the commissioner shall certify the amount to be paid to each county and  
184.30 tribe in the following year. The commissioner shall pay reimbursement aid annually at the  
184.31 times provided in section 477A.015.

184.32 Subd. 6. **Appropriation.** \$10,000,000 is annually appropriated to the commissioner of  
184.33 revenue from the general fund to pay aid under this section.

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



185.1 Sec. 16. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

185.2 Subd. 8. **City formula aid.** (a) For aids payable in ~~2015~~ 2018 and thereafter, the formula  
185.3 aid for a city is equal to ~~the sum of (1) its formula aid in the previous year and (2) the product~~  
185.4 of (i) the difference between its unmet need and its ~~formula~~ certified aid in the previous  
185.5 year before any aid adjustment under subdivision 13, and (ii) the aid gap percentage.

185.6 ~~(b) For aids payable in 2015 and thereafter, if a city's certified aid from the previous~~  
185.7 ~~year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,~~  
185.8 ~~its formula aid is adjusted to equal its unmet need.~~

185.9 ~~(e)~~ (b) No city may have a formula aid amount less than zero. The aid gap percentage  
185.10 must be the same for all cities subject to paragraph (a).

185.11 ~~(d)~~ (c) The applicable aid gap percentage must be calculated by the Department of  
185.12 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
185.13 for aid under section 477A.03. The aid gap percentage must be the same for all cities subject  
185.14 to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013  
185.15 shall be the most recently available data as of January 1 in the year in which the aid is  
185.16 calculated.

185.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
185.18 and thereafter.

185.19 Sec. 17. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

185.20 Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~  
185.21 if a city's certified aid before any aid adjustment under subdivision 13 for the previous year  
185.22 is less than its current unmet need, the city shall receive an aid distribution equal to the sum  
185.23 of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,  
185.24 (2) the city formula aid under subdivision 8, and (2) (3) its aid adjustment under subdivision  
185.25 13.

185.26 (b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid  
185.27 adjustment under subdivision 13 for the previous year is equal to or greater than its current  
185.28 unmet need, the total aid for a city must not be less than is equal to the greater of (1) its  
185.29 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified  
185.30 to receive in the previous year minus the lesser of \$10 multiplied by its population, or five  
185.31 percent of its net levy in the year prior to the aid distribution. No city may have a total aid  
185.32 amount less than zero.

186.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
186.2 and thereafter.

186.3 Sec. 18. **[477A.0135] AID REDUCTIONS FOR PAYMENTS TO A WORLD FAIR**  
186.4 **OR EXPO.**

186.5 If a county, statutory or home rule charter city, or town makes a payment or contribution  
186.6 to Expo2023 or any similar organization with the mission of advocating, promoting, or  
186.7 running a world fair or expo in the state of Minnesota in any year, it must report that amount  
186.8 to the commissioner by January 15 of the year following the year in which the payment or  
186.9 contribution is made. The commissioner shall reduce the aid paid to a county, city, or town  
186.10 under section 477A.014 from the amount certified to the county under section 477A.0124;  
186.11 to the city under section 477A.013, subdivision 9; or to the town under section 477A.013,  
186.12 subdivision 1, in the calendar year following the year in which the payment or contribution  
186.13 was made. The reduction is equal to the amount of the payment or contribution, but the aid  
186.14 paid to any county, city, or town may not be less than zero. Any savings in aid payments  
186.15 under this section shall stay in the general fund and shall not be redistributed to other  
186.16 counties, cities, or towns.

186.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
186.18 and thereafter.

186.19 Sec. 19. **[477A.0175] AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED**  
186.20 **DIVERSION PROGRAM.**

186.21 Subdivision 1. **Penalty for operating an unauthorized diversion program.**

186.22 Notwithstanding any other law to the contrary, a county or city that operated a pretrial  
186.23 diversion program that a court determines was not authorized under section 169.999 or  
186.24 another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by  
186.25 the amount of fees paid by participants into the program for the years in which the program  
186.26 operated. A court shall report any order that enjoins a county or city from operating a pretrial  
186.27 diversion program to the commissioner as required under subdivision 2. The commissioner  
186.28 shall, with the assistance of the state auditor, determine the amount of fees collected under  
186.29 the diversion program and reduce the county program aid paid to a county or the local  
186.30 government aid paid to a city by this amount beginning with the first aid payment made  
186.31 after the reduction amount is determined. No aid payment may be less than zero but the  
186.32 amount of the reduction that cannot be made out of that payment shall be applied to future  
186.33 payments until the total amount has been deducted.

187.1 Subd. 2. Court challenge to authority to operate a pretrial diversion program. Any  
187.2 taxpayer may challenge a city or county operation of a pretrial diversion program by filing  
187.3 a declaratory judgment action or seeking other appropriate relief in the district court for the  
187.4 county where the city is located or in any other court of competent jurisdiction. If the court  
187.5 finds that the county or city has exceeded its authority under law in operating the pretrial  
187.6 diversion program, the court must transmit a copy of the court order to the commissioner  
187.7 of revenue.

187.8 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
187.9 applies beginning with the second aid payments under Minnesota Statutes, section 477A.015  
187.10 in calendar year 2017.

187.11 Sec. 20. **[477A.09] MAXIMUM EFFORT LOAN AID.**

187.12 (a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under  
187.13 sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment  
187.14 equal to one-fifth of the amount of interest that was paid on the loan between December 1,  
187.15 1990, and June 30, 2016. A school district with a maximum effort capital loan outstanding  
187.16 as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated  
187.17 amount of interest that will be paid by the district on the loan between June 30, 2017, and  
187.18 June 30, 2021. Aid payments under this section must be used to reduce current year property  
187.19 taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

187.20 (1) retaining payments made under this section in the district's debt redemption fund for  
187.21 up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

187.22 (2) financing a defeasance of any future payments on outstanding bonded debt.

187.23 (b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient  
187.24 to make aid payments under this section is annually appropriated from the general fund to  
187.25 the commissioner of education.

187.26 **EFFECTIVE DATE.** This section is effective for fiscal years 2018 to 2022.

187.27 Sec. 21. **ONETIME ADJUSTMENT FOR CERTAIN CITIES; AIDS PAYABLE IN**  
187.28 **2017.**

187.29 (a) The amount of aid payable in 2017 to a city shall be increased to equal the amount  
187.30 of aid it received under Minnesota Statutes, section 477A.013, subdivision 9, for aids payable  
187.31 in 2016 if the following conditions are met:

188.1 (1) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids  
188.2 payable in 2017, is less than its certified aid for aids payable in 2016; and

188.3 (2) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids  
188.4 payable in 2016, is less than its unmet need under Minnesota Statutes, section 477A.011,  
188.5 subdivision 34, for aids payable in 2017.

188.6 (b) Any adjustment under this section shall be treated as an aid correction under  
188.7 Minnesota Statutes, section 477A.014, subdivision 3. The amount computed under this  
188.8 section shall be used as an affected city's 2017 certified aid amount when calculating its  
188.9 formula aid under Minnesota Statutes, section 477A.013, subdivision 8, for aids payable in  
188.10 2018.

188.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years 2017  
188.12 and 2018.

188.13 Sec. 22. **BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

188.14 For a city that incorporated on October 13, 2015, and first qualifies for aid under  
188.15 Minnesota Statutes, section 477A.013, subdivisions 8 and 9, in 2017, the city's certified aid  
188.16 for 2017, used in calculating aid payable in 2018, shall be deemed to equal the lesser of (1)  
188.17 25 percent of its net levy for taxes payable in 2016, or (2) 50 percent of its unmet need as  
188.18 defined in Minnesota Statutes, section 477A.011, subdivision 43.

188.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2018.

188.20 Sec. 23. **2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

188.21 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo  
188.22 shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes,  
188.23 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
188.24 3, provided that the state auditor certifies to the commissioner of revenue that it received  
188.25 audited financial statements from the city for calendar year 2012 by December 31, 2013.  
188.26 The commissioner of revenue shall make a payment of \$37,473.50 with the first payment  
188.27 of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the  
188.28 general fund to the commissioner of revenue in fiscal year 2018 to make this payment.

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

189.1 **Sec. 24. 2014 AID PENALTY FORGIVENESS.**

189.2 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of  
189.3 Dundee, Jeffers, and Woodstock shall receive all of their calendar year 2014 aid payment  
189.4 that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that  
189.5 the state auditor certifies to the commissioner of revenue that the city complied with all  
189.6 reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for  
189.7 calendar years 2013 and 2014 by June 1, 2015.

189.8 (b) The commissioner of revenue shall make payment to each city no later than July 20,  
189.9 2017. Up to \$101,570 in fiscal year 2018 is appropriated from the general fund to the  
189.10 commissioner of revenue to make the payments under this section.

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

189.12 **Sec. 25. LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

189.13 Subdivision 1. **Abatements authorized.** (a) Notwithstanding Minnesota Statutes, section  
189.14 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may grant an  
189.15 abatement of local property taxes for taxes payable in 2017, provided that:

189.16 (1) the property is classified as 1c, 3a (excluding utility real and personal property),  
189.17 4c(1), 4c(10), or 4c(11);

189.18 (2) on or before December 31, 2017, the taxpayer submits a written application to the  
189.19 county auditor in the county in which abatement is sought; and

189.20 (3) the taxpayer meets qualification requirements established in subdivision 3.

189.21 Subd. 2. **Appeals.** An appeal may not be taken to the Tax Court from any order of the  
189.22 county board made pursuant to the exercise of the discretionary authority granted in this  
189.23 section.

189.24 Subd. 3. **Qualification requirements.** To qualify for abatements under this section, a  
189.25 taxpayer must:

189.26 (1) be located within one of the following municipalities surrounding Lake Mille Lacs:

189.27 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of  
189.28 Roosevelt;

189.29 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of  
189.30 Malmo, or township of Lakeside; or

190.1 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of  
190.2 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

190.3 (2) document a reduction in gross receipts of five percent or greater between two  
190.4 successive calendar years beginning in 2010 or later; and

190.5 (3) be a business in one of the following industries, as defined within the North American  
190.6 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,  
190.7 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,  
190.8 historical sites, health and personal care, gas station, general merchandise, business and  
190.9 professional membership, movies, or nonstore retailer, as determined by the county in  
190.10 consultation with the commissioner of employment and economic development.

190.11 Subd. 4. **State general levy in relief area.** The counties of Aitkin, Crow Wing, and  
190.12 Mille Lacs must refund the state general levy levied upon a property classified as 1c, 3a  
190.13 (excluding utility real and personal property), or 4c(1) that is located in the area described  
190.14 by subdivision 3, clause (1), for taxes payable in 2017.

190.15 Subd. 5. **Certification and transfer of funds.** (a) By February 1, 2018, a county granting  
190.16 a refund as required under subdivision 4 must certify the total amount of state general tax  
190.17 refunded to Mille Lacs County and the commissioner of revenue. By March 1, 2018, Mille  
190.18 Lacs County must transfer an amount equal to the amount certified under this paragraph to  
190.19 the county making the certification.

190.20 (b) By February 1, 2018, a county that has received an application for an abatement  
190.21 authorized under subdivision 1 must certify to Mille Lacs County the total amount of  
190.22 abatements for which applications have been received and approved. By March 1, 2018,  
190.23 Mille Lacs County must transfer an amount equal to the amount certified under this paragraph  
190.24 to the county making the certification. By April 30, 2018, the county must issue refunds of  
190.25 local property tax amounts to qualified taxpayers.

190.26 Subd. 6. **Commissioner of revenue; appropriation.** An amount sufficient to make the  
190.27 transfers required under subdivision 5 in fiscal year 2018 is appropriated from the general  
190.28 fund to the commissioner of revenue for transfer to Mille Lacs County. This is a onetime  
190.29 appropriation.

190.30 Subd. 7. **Report to legislature.** The commissioner of revenue must make a written report  
190.31 to the chairs and ranking minority members of the legislative committees with jurisdiction  
190.32 over taxes stating the amount of abatements and refunds given under this section by taxing  
190.33 jurisdictions by February 1, 2019. The counties must provide the commissioner with the  
190.34 information necessary to make the report.

191.1 Subd. 8. Refund eligibility. Only a taxpayer making all payments of property taxes for  
191.2 taxes payable in 2017 is eligible to receive a refund under subdivisions 4 and 5.

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

191.4 Sec. 26. SUPPLEMENTAL PAYMENTS FOR OTHER NATURAL RESOURCES  
191.5 LAND.

191.6 Subdivision 1. Supplemental payments. For aids payable in calendar years 2017 and  
191.7 2018 only, each county must receive a supplemental aid payment equal to 50 cents per acre  
191.8 for other natural resources land, as defined in Minnesota Statutes, section 477A.11,  
191.9 subdivision 4, located in the county. The payment shall be made at the same time as payments  
191.10 under Minnesota Statutes, section 477A.13, and the counties shall distribute this payment  
191.11 as if it was part of the aids subject to the general distribution for that year under Minnesota  
191.12 Statutes, section 477A.014, subdivision 1.

191.13 Subd. 2. Appropriation. The amount necessary to make the payments under subdivision  
191.14 1 in each year is appropriated from the general fund to the commissioner of revenue for  
191.15 fiscal years 2018 and 2019 only. The appropriations under this section are onetime and not  
191.16 added to the base budget.

191.17 EFFECTIVE DATE. This section is effective for aids payable in calendar years 2017  
191.18 and 2018 only.

191.19 Sec. 27. 2017 SUPPLEMENTAL HOMESTEAD CREDIT REFUND.

191.20 (a) By October 1, 2017, the commissioner of revenue shall adjust the schedule for the  
191.21 homestead credit refund allowed under Minnesota Statutes, section 290A.04, subdivision  
191.22 2, so as to increase the total amount of refunds based on taxes payable in 2018. The  
191.23 commissioner must adjust the schedule by:

191.24 (1) first proportionately increasing the maximum refund allowed for each income bracket  
191.25 in the schedule so that the increase in refunds projected to be paid based on taxes payable  
191.26 in 2018 equals \$5,000,000; and

191.27 (2) second proportionately decreasing the percent of tax above the income threshold  
191.28 paid by the claimant, or the "co-payment percentage," for each income bracket in the schedule  
191.29 so that the increase in refunds projected to be paid based on taxes payable in 2018 under  
191.30 this clause and clause (1) equals \$58,000,000.

191.31 (b) The amount necessary to pay the refunds required under this section is appropriated  
191.32 from the general fund to the commissioner of revenue in fiscal year 2019.

192.1 **EFFECTIVE DATE.** This section is effective for refunds based on taxes payable in  
192.2 2018 only.

192.3 Sec. 28. **2017 SUPPLEMENTAL RENTER PROPERTY TAX REFUND.**

192.4 (a) By October 1, 2017, the commissioner of revenue shall adjust the schedule for the  
192.5 property tax refund for renters allowed under Minnesota Statutes, section 290A.04,  
192.6 subdivision 2a, so as to increase the total amount of refunds based on rent paid in 2017. The  
192.7 commissioner must adjust the schedule by:

192.8 (1) first proportionately increasing the maximum refund allowed for each income bracket  
192.9 in the schedule so that the increase in refunds projected to be paid based on rent paid in  
192.10 2017 equals \$1,500,000;

192.11 (2) second proportionately decreasing the percent of income, or the "threshold  
192.12 percentage," for each income bracket in the schedule so that the increase in refunds projected  
192.13 to be paid based on rent paid in 2017 under this clause and clause (1) equals \$21,750,000;  
192.14 and

192.15 (3) third proportionately decreasing the percent of tax above the income threshold paid  
192.16 by the claimant, or the "co-payment percentage," for each income bracket in the schedule  
192.17 so that the total increase in refunds projected to be paid based on rent paid in 2017 under  
192.18 this clause and clauses (1) to (2) equals \$42,000,000.

192.19 (b) The amount necessary to pay the refunds required under this section is appropriated  
192.20 from the general fund to the commissioner of revenue in fiscal year 2019.

192.21 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017  
192.22 only.

192.23 Sec. 29. **REPEALER.**

192.24 Minnesota Statutes 2016, section 477A.085, is repealed.

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

## 192.26 **ARTICLE 6**

### 192.27 **IN PERPETUITY PAYMENTS ON LAND PURCHASES**

192.28 Section 1. **[11A.237] ACCOUNT FOR COUNTY JOINT TRUST FUND PAYMENTS.**

192.29 Subdivision 1. **Establishment.** The State Board of Investment, when requested by a  
192.30 county as required under sections 97A.056, subdivision 1b, and 116P.045, subdivision 2,



193.1 shall invest the funds deposited by the commissioner of revenue, acting as an agent on the  
 193.2 board's behalf, under section 97A.056, subdivision 1b, or 116P.045, subdivision 2, in a  
 193.3 special account for that purpose in the combined investment funds established in section  
 193.4 11A.14, subject to the policy and procedures of the State Board of Investment. Use of the  
 193.5 funds is restricted to payments to the commissioner of revenue, acting as an agent on behalf  
 193.6 of the counties, for distributions to counties under sections 97A.056, subdivision 1b, and  
 193.7 116P.045, subdivision 2.

193.8 Subd. 2. **Account maintenance and investment.** The commissioner of revenue may  
 193.9 deposit money into the account on behalf of the counties and may withdraw money from  
 193.10 the account to make distributions to the counties under sections 97A.056, subdivision 1b,  
 193.11 and 116P.045, subdivision 2, only. The commissioner of revenue shall make one payment  
 193.12 under each section each year for all counties eligible for a payment in that year. The  
 193.13 commissioner shall make one withdrawal annually at a time negotiated with the executive  
 193.14 director of the State Board of Investment, but no later than November 15, to cover  
 193.15 distributions to counties under section 477A.30, up to the limit allowed under that section.  
 193.16 The transactions must be in the manner required by the executive director of the State Board  
 193.17 of Investment. Investment earnings must be credited to the account.

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

193.19 Sec. 2. Minnesota Statutes 2016, section 97A.056, subdivision 1a, is amended to read:

193.20 Subd. 1a. **Definitions.** ~~For the purpose of~~ (a) The definitions in this subdivision apply  
 193.21 to this section and appropriations from the outdoor heritage fund;

193.22 (b) "Land acquisition costs" means acquisition coordination costs, costs of engineering  
 193.23 services, appraisal fees, attorney fees, taxes, assessments required at the time of purchase,  
 193.24 onetime trust fund payments under subdivision 1b, and recording fees.

193.25 (c) "Land-related property taxes" means property taxes collected on behalf of local  
 193.26 governments providing land-related services.

193.27 (d) "Local governments providing land-related services" means counties, townships,  
 193.28 home rule charter and statutory cities, watershed districts under chapter 103D, sanitary  
 193.29 districts under sections 442A.01 to 442A.29, and regional sanitary sewer districts under  
 193.30 sections 115.61 to 115.67.

193.31 (e) "Recipient" means the entity responsible for deliverables financed by the outdoor  
 193.32 heritage fund.

194.1 (f) "Total payment for the land" means the total price paid for the land including land  
194.2 acquisition costs, but excluding any in-kind services provided by nongovernmental entities  
194.3 at no cost to the state.

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

194.5 Sec. 3. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to  
194.6 read:

194.7 Subd. 1b. **Outdoor heritage trust fund payment account; trust fund payments.** (a)  
194.8 An outdoor heritage trust fund account is created in the special revenue fund. The State  
194.9 Board of Investment must ensure the account is invested under section 11A.24. The  
194.10 commissioner of management and budget must credit to the account all money appropriated  
194.11 to the account and all money earned by the account. The principal of the account and any  
194.12 unexpended earnings must be invested and reinvested by the State Board of Investment.  
194.13 Nothing in this section limits the source of contributions to the account. Money in the  
194.14 account must be used only for the purposes of this subdivision.

194.15 (b) State land acquired in fee simple in whole or in part with money appropriated from  
194.16 the outdoor heritage fund is eligible for a onetime trust fund payment as provided under  
194.17 this subdivision. The percentage of the total acres acquired in any purchase that is eligible  
194.18 for a trust fund payment under this subdivision is equal to the percentage of the total payment  
194.19 for the land funded from outdoor heritage fund revenues. If the percentage of the total  
194.20 payment for the land from the outdoor heritage fund is ten percent or less, the parcel is  
194.21 ineligible for a payment under this subdivision; if the percentage is 90 percent or more, the  
194.22 entire parcel is eligible for the payment under this subdivision. The commissioner of natural  
194.23 resources must certify to the commissioner of revenue and the county in which land eligible  
194.24 for a payment under this section is purchased the total number of acres purchased, the total  
194.25 payment for the land, and the amount of outdoor heritage fund revenues used for the purchase.  
194.26 The trust fund payment is equal to 30 times the land-related property taxes assessed on the  
194.27 eligible portion of the land in the year prior to the year in which the land is acquired. If the  
194.28 land was acquired from a private party that was exempt from paying property taxes, the  
194.29 payments must be based on 30 times the property taxes assessed on comparable land in the  
194.30 year prior to the year in which the land is acquired. By September 1 each year, the county  
194.31 in which the land is acquired must provide the commissioner of revenue with information  
194.32 necessary in a form determined by the commissioner of revenue to make this determination  
194.33 for all lands acquired for the 12-month period ending on June 30 of that year. The  
194.34 commissioner of revenue must make a trust fund payment on behalf of each county on the

195.1 same date as the first payment under section 273.1384, subdivision 4, each year for all land  
195.2 acquired in that county in the 12-month period ending on June 30 of that year to the State  
195.3 Board of Investment as required under this paragraph. The money so deposited is money  
195.4 paid to the counties and may only be withdrawn for the purposes allowed under section  
195.5 477A.30. The commissioner of revenue must inform each county by October 15 each year  
195.6 of the amount deposited on the county's behalf with the State Board of Investment under  
195.7 this subdivision.

195.8 (c) The amount necessary to make the payments required under this subdivision is  
195.9 annually appropriated from the outdoor heritage trust fund payment account to the  
195.10 commissioner of revenue for deposit in the account for county joint trust fund payments in  
195.11 section 11A.237.

195.12 (d) To receive a trust fund payment under this subdivision, a county board must enter  
195.13 into an agreement with the State Board of Investment to allow the commissioner of revenue  
195.14 to make deposits and withdrawals on behalf of the county into and out of the county joint  
195.15 trust fund account under section 11A.237.

195.16 (e) The portion of land receiving a trust fund payment under this subdivision is not  
195.17 eligible for payments under sections 477A.11 to 477A.14, but is eligible for distribution of  
195.18 withdrawals from the county joint trust fund account under section 477A.30.

195.19 (f) If the land for which a payment under this subdivision is made is subsequently sold  
195.20 to another entity and is no longer available for the use for which it was purchased, the  
195.21 original amount of the payment for that land under paragraph (b) must be withdrawn by the  
195.22 commissioner of revenue from the account established under section 11A.237 and returned  
195.23 to the outdoor heritage fund. If only a portion of the land is sold and no longer available for  
195.24 the use for which it was purchased, the amount of the original trust fund payment returned  
195.25 is reduced proportionately based on the portion of the original purchase that is sold. The  
195.26 holder of the land must inform the commissioner of revenue and the county in which the  
195.27 land is sold of the sale and provide them with any information necessary to calculate the  
195.28 required withdrawal from the account. The withdrawal is made along with withdrawals  
195.29 under section 477A.30 in the calendar year after the year in which the land is sold.

195.30 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired  
195.31 with money appropriated on or after that date.

196.1 Sec. 4. Minnesota Statutes 2016, section 97A.056, subdivision 3, is amended to read:

196.2 Subd. 3. **Council recommendations.** (a) The council shall make recommendations to  
196.3 the legislature on appropriations of money from the outdoor heritage fund that are consistent  
196.4 with the Constitution and state law and that will achieve the outcomes of existing natural  
196.5 resource plans, including, but not limited to, the Minnesota Statewide Conservation and  
196.6 Preservation Plan, that directly relate to the restoration, protection, and enhancement of  
196.7 wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest  
196.8 fragmentation, encourage forest consolidation, and expand restored native prairie. In making  
196.9 recommendations, the council shall consider a range of options that would best restore,  
196.10 protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.  
196.11 The council recommendations each year on appropriation of money from the outdoor heritage  
196.12 fund must include amounts adequate to make the required transfers to the outdoor heritage  
196.13 trust fund payment account according to subdivision 1b. The council's recommendations  
196.14 shall be submitted no later than January 15 each year. The council shall present its  
196.15 recommendations to the senate and house of representatives committees with jurisdiction  
196.16 over the environment and natural resources budget by February 15 in odd-numbered years,  
196.17 and within the first four weeks of the legislative session in even-numbered years. The  
196.18 council's budget recommendations to the legislature shall be separate from the Department  
196.19 of Natural Resource's budget recommendations.

196.20 (b) To encourage and support local conservation efforts, the council shall establish a  
196.21 conservation partners program. Local, regional, state, or national organizations may apply  
196.22 for matching grants for restoration, protection, and enhancement of wetlands, prairies,  
196.23 forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation,  
196.24 encouragement of forest consolidation, and expansion of restored native prairie.

196.25 (c) The council may work with the Clean Water Council to identify projects that are  
196.26 consistent with both the purpose of the outdoor heritage fund and the purpose of the clean  
196.27 water fund.

196.28 (d) The council may make recommendations to the Legislative-Citizen Commission on  
196.29 Minnesota Resources on scientific research that will assist in restoring, protecting, and  
196.30 enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing  
196.31 forest fragmentation, encouraging forest consolidation, and expanding restored native prairie.

196.32 (e) Recommendations of the council, including approval of recommendations for the  
196.33 outdoor heritage fund, require an affirmative vote of at least nine members of the council.

197.1 (f) The council may work with the Clean Water Council, the Legislative-Citizen  
197.2 Commission on Minnesota Resources, the Board of Water and Soil Resources, soil and  
197.3 water conservation districts, and experts from Minnesota State Colleges and Universities  
197.4 and the University of Minnesota in developing the council's recommendations.

197.5 (g) The council shall develop and implement a process that ensures that citizens and  
197.6 potential recipients of funds are included throughout the process, including the development  
197.7 and finalization of the council's recommendations. The process must include a fair, equitable,  
197.8 and thorough process for reviewing requests for funding and a clear and easily understood  
197.9 process for ranking projects.

197.10 (h) The council shall use the regions of the state based upon the ecological sections and  
197.11 subsections developed by the Department of Natural Resources and establish objectives for  
197.12 each region and subregion to achieve the purposes of the fund outlined in the state  
197.13 constitution.

197.14 (i) The council shall develop and submit to the Legislative Coordinating Commission  
197.15 plans for the first ten years of funding, and a framework for 25 years of funding, consistent  
197.16 with statutory and constitutional requirements. The council may use existing plans from  
197.17 other legislative, state, and federal sources, as applicable.

197.18 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired  
197.19 with money appropriated on or after that date.

197.20 Sec. 5. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to  
197.21 read:

197.22 **Subd. 15a. State acquisition of land; restrictions.** The state may not use money from  
197.23 the outdoor heritage fund to acquire in fee simple in whole or in part any land subject to  
197.24 property taxes or any land owned by a nonprofit organization that was subject to property  
197.25 taxes before the land's acquisition by the nonprofit organization if (1) subdivision 1b is void,  
197.26 or (2) sufficient funds to cover the onetime trust fund payment required under subdivision  
197.27 1b have not been appropriated or are not available.

197.28 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired  
197.29 with money appropriated on or after that date.

197.30 Sec. 6. Minnesota Statutes 2016, section 116P.02, subdivision 1, is amended to read:

197.31 Subdivision 1. **Applicability.** The definitions in this section apply to this chapter, except  
197.32 that the definition in subdivision 6 does not apply to section 116P.045.

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

198.2 Sec. 7. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to  
198.3 read:

198.4 Subd. 4a. **Land acquisition costs.** "Land acquisition costs" means acquisition  
198.5 coordination costs, costs of engineering services, appraisal fees, attorney fees, taxes,  
198.6 assessments required at the time of purchase, payments under section 116P.045, and recording  
198.7 fees.

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

198.9 Sec. 8. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to  
198.10 read:

198.11 Subd. 4b. **Land-related property taxes.** "Land-related property taxes" means property  
198.12 taxes collected on behalf of local governments providing land-related services.

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

198.14 Sec. 9. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to  
198.15 read:

198.16 Subd. 4c. **Local governments providing land-related services.** "Local governments  
198.17 providing land-related services" means counties, townships, home rule charter and statutory  
198.18 cities, watershed districts under chapter 103D, sanitary districts under sections 442A.01 to  
198.19 442A.29, and regional sanitary sewer districts under sections 115.61 to 115.67.

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

198.21 Sec. 10. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision  
198.22 to read:

198.23 Subd. 4d. **Total payment for the land.** "Total payment for the land" means the total  
198.24 price paid for the land including land acquisition costs, but excluding any in-kind services  
198.25 provided by nongovernmental entities at no cost to the state.

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

199.1 Sec. 11. **[116P.045] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND**  
199.2 **PAYMENT ACCOUNT.**

199.3 Subdivision 1. **Account created.** An environment and natural resources trust fund  
199.4 payment account is created in the special revenue fund. The State Board of Investment must  
199.5 ensure the account is invested under section 11A.24. The commissioner of management  
199.6 and budget must credit to the account all money appropriated to the account and all money  
199.7 earned by the account. The principal of the account and any unexpended earnings must be  
199.8 invested and reinvested by the State Board of Investment. Nothing in this section limits the  
199.9 source of contributions to the account. Money in the account must be used only for the  
199.10 purposes of this section.

199.11 Subd. 2. **Trust fund payment; appropriation.** (a) State land acquired in fee simple in  
199.12 whole or in part with money appropriated from the environment and natural resources trust  
199.13 fund is eligible for a onetime trust fund payment as provided under this subdivision. The  
199.14 percentage of the total acres acquired in any purchase that is eligible for a trust fund payment  
199.15 under this section is equal to the percentage of the total payment for the land funded from  
199.16 environment and natural resources trust fund revenues. If the percentage of the total payment  
199.17 for the land from the environment and natural resources trust fund is ten percent or less, the  
199.18 parcel is ineligible for a payment under this section; if the percentage is 90 percent or more,  
199.19 the entire parcel is eligible for the payment under this section. The commissioner of natural  
199.20 resources must certify to the commissioner of revenue and the county in which land eligible  
199.21 for a payment under this section is purchased the total number of acres purchased, the total  
199.22 payment for the land, and the amount of environmental and natural resources trust fund  
199.23 revenues used for the purchase. The trust fund payment is equal to 30 times the land-related  
199.24 property taxes assessed on the eligible portion of the land in the year prior to the year in  
199.25 which the land is acquired. If the land was acquired from a private party that was exempt  
199.26 from paying property taxes, the payments must be based on 30 times the property taxes  
199.27 assessed on comparable land in the year prior to the year in which the land is acquired. By  
199.28 September 1 each year, the county in which the land is acquired must provide the  
199.29 commissioner of revenue with information necessary in a form determined by the  
199.30 commissioner of revenue to make this determination for all lands acquired for the 12-month  
199.31 period ending on June 30 of that year. The commissioner of revenue must make a trust fund  
199.32 payment on behalf of each county on the same date as the first payment under section  
199.33 273.1384, subdivision 4, each year for all land acquired in that county in the 12-month  
199.34 period ending on June 30 of that year to the State Board of Investment as required under  
199.35 this section. The money so deposited is money paid to the counties and may only be

200.1 withdrawn for the purposes allowed under section 477A.30. The commissioner of revenue  
200.2 must inform each county by October 15 each year of the amount deposited on the county's  
200.3 behalf with the State Board of Investment under this subdivision.

200.4 (b) The amount necessary to make the payments required under this subdivision is  
200.5 annually appropriated from the environment and natural resources trust fund payment  
200.6 account to the commissioner of revenue for deposit in the account for county joint trust  
200.7 fund payments in section 11A.237.

200.8 (c) If the land for which a payment under this subdivision is made is subsequently sold  
200.9 to another entity and is no longer available for the use for which it was purchased, the  
200.10 original amount of the payment for that land under paragraph (a) must be withdrawn by the  
200.11 commissioner of revenue from the account established under section 11A.237 and returned  
200.12 to the environment and natural resources trust fund. If only a portion of the land is sold and  
200.13 no longer available for the use for which it was purchased, the amount of the original trust  
200.14 fund payment returned is reduced proportionately based on the portion of the original  
200.15 purchase that is sold. The holder of the land must inform the commissioner of revenue and  
200.16 the county in which the land is sold of the sale and provide them with any information  
200.17 necessary to calculate the required withdrawal from the account. The withdrawal is made  
200.18 along with withdrawals under section 477A.30 in the calendar year after the year in which  
200.19 the land is sold.

200.20 Subd. 3. **County requirements.** To receive a trust fund payment under this section, a  
200.21 county board must enter into an agreement with the State Board of Investment to allow the  
200.22 commissioner of revenue to make deposits and withdrawals on behalf of the county into  
200.23 and out of the county joint trust fund account under section 11A.237.

200.24 Subd. 4. **Ineligible for other payments.** Land receiving a trust fund payment under this  
200.25 section is not eligible for payments under sections 477A.11 to 477A.14, but is eligible for  
200.26 distribution of withdrawals from the county joint trust fund account under section 477A.30.

200.27 Subd. 5. **State acquisition of land; restrictions.** The state may not use money from the  
200.28 environment and natural resources trust fund to acquire in fee simple in whole or in part  
200.29 any land subject to property taxes or any land owned by a nonprofit organization that was  
200.30 subject to property taxes before the land's acquisition by the nonprofit organization if (1)  
200.31 subdivision 2 is void, or (2) sufficient funds to cover the onetime trust fund payment required  
200.32 under subdivision 2 have not been appropriated or are not available.

200.33 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired  
200.34 with money appropriated on or after that date.



201.1 Sec. 12. Minnesota Statutes 2016, section 116P.08, subdivision 1, is amended to read:

201.2 Subdivision 1. **Expenditures.** Money in the trust fund may be spent only for:

201.3 (1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

201.4 (2) research that contributes to increasing the effectiveness of protecting or managing  
201.5 the state's environment or natural resources;

201.6 (3) collection and analysis of information that assists in developing the state's  
201.7 environmental and natural resources policies;

201.8 (4) enhancement of public education, awareness, and understanding necessary for the  
201.9 protection, conservation, restoration, and enhancement of air, land, water, forests, fish,  
201.10 wildlife, and other natural resources;

201.11 (5) capital projects for the preservation and protection of unique natural resources;

201.12 (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural  
201.13 resources that otherwise may be substantially impaired or destroyed in any area of the state;

201.14 (7) administrative and investment expenses incurred by the State Board of Investment  
201.15 in investing deposits to the trust fund; ~~and~~

201.16 (8) administrative expenses subject to the limits in section 116P.09; and

201.17 (9) payments to the environment and natural resources trust fund payment account as  
201.18 required in section 116P.045.

201.19 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired  
201.20 with money appropriated on or after that date.

201.21 Sec. 13. Minnesota Statutes 2016, section 116P.08, subdivision 4, is amended to read:

201.22 Subd. 4. **Legislative recommendations.** (a) Funding may be provided only for those  
201.23 projects that meet the categories established in subdivision 1.

201.24 (b) The commission must recommend an annual or biennial legislative bill to make  
201.25 appropriations from the trust fund for the purposes provided in subdivision 1. The  
201.26 recommendations must be submitted to the governor for inclusion in the biennial budget  
201.27 and supplemental budget submitted to the legislature.

201.28 (c) The commission may recommend regional block grants for a portion of trust fund  
201.29 expenditures to partner with existing regional organizations that have strong citizen  
201.30 involvement, to address unique local needs and capacity, and to leverage all available funding  
201.31 sources for projects.

202.1 (d) The commission may recommend the establishment of an emerging issues account  
202.2 in its legislative bill for funding emerging issues, which come up unexpectedly, but which  
202.3 still adhere to the commission's strategic plan, to be approved by the governor after initiation  
202.4 and recommendation by the commission.

202.5 (e) The council must recommend an appropriation of money from the environment and  
202.6 natural resources trust fund adequate to make the required transfers to the environment and  
202.7 natural resources trust fund payment account according to section 116P.045.

202.8 (f) Money in the trust fund may not be spent except under an appropriation by law.

202.9 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired  
202.10 with money appropriated on or after that date.

202.11 Sec. 14. Minnesota Statutes 2016, section 477A.10, is amended to read:

202.12 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

202.13 The purposes of sections 477A.11 to 477A.14 are:

202.14 (1) to compensate local units of government for the loss of tax base from state ownership  
202.15 of land, except land acquired on or after July 1, 2017, receiving trust fund payments from  
202.16 the outdoor heritage trust fund payment account or the environment and natural resources  
202.17 trust fund payment account, and the need to provide services for state land;

202.18 (2) to address the disproportionate impact of state land ownership on local units of  
202.19 government with a large proportion of state land; and

202.20 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

202.22 Sec. 15. Minnesota Statutes 2016, section 477A.11, is amended by adding a subdivision  
202.23 to read:

202.24 **Subd. 9. Environment and natural resources trust fund lands.** Notwithstanding any  
202.25 other provision of law to the contrary, parcels or portions of parcels of land purchased on  
202.26 or after July 1, 2017, and eligible for a trust fund payment under section 116P.045 are not  
202.27 included in the definitions of the lands described in subdivisions 3 to 7 and are excluded  
202.28 from payments under sections 477A.11 to 477A.14.

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

203.1 Sec. 16. Minnesota Statutes 2016, section 477A.11, is amended by adding a subdivision  
203.2 to read:

203.3 Subd. 10. **Outdoor heritage lands.** Notwithstanding any other provision of law to the  
203.4 contrary, parcels or portions of parcels of land purchased on or after July 1, 2017, and  
203.5 eligible for a trust fund payment under section 97A.056, subdivision 1b, are not included  
203.6 in the definitions of the lands described in subdivisions 3 to 7 and are excluded from  
203.7 payments under sections 477A.11 to 477A.14.

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

203.9 Sec. 17. **[477A.30] ANNUAL COUNTY JOINT TRUST FUND WITHDRAWALS**  
203.10 **AND DISTRIBUTION FOR ENVIRONMENT AND NATURAL RESOURCES**  
203.11 **TRUST FUND LANDS AND OUTDOOR HERITAGE LANDS.**

203.12 Subdivision 1. **Commissioner of revenue; withdrawals and payments.** No later than  
203.13 November 15 each year, the commissioner of revenue shall make a withdrawal on behalf  
203.14 of all eligible counties from the county joint trust fund account established under section  
203.15 11A.237 equal to the lesser of (1) the total amount of necessary withdrawals certified by  
203.16 the counties under subdivision 2 for the year, or (2) 5-1/2 percent of the amount in that  
203.17 account as of September 1 of that year as determined by the executive director of the State  
203.18 Board of Investment. The commissioner shall distribute the certified withdrawal amounts  
203.19 to each county by November 30. If the amount of the withdrawal is less than the total  
203.20 certified withdrawal amounts under subdivision 2, the commissioner shall reduce the  
203.21 distribution to each county proportionately.

203.22 Subd. 2. **Certification of needed withdrawal; distribution of funds.** (a) Beginning in  
203.23 calendar year 2018, by September 1 each year, a county for whom a trust fund payment has  
203.24 been made on its behalf under section 97A.056, subdivision 1b, or 116P.045, subdivision  
203.25 2, shall calculate and certify to the commissioner of revenue the amount of trust fund  
203.26 withdrawals needed under this section. The amount of the withdrawal for each parcel of  
203.27 land for which a county received a trust fund payment under either provision is as follows:

203.28 (1) for the year in which a trust fund payment is made to a county for a parcel of land,  
203.29 the withdrawal for that parcel is equal to:

203.30 (i) the remaining taxes owed to the local governments providing land-related services  
203.31 for taxes spread that year for a parcel acquired between January 1 and June 30; or

203.32 (ii) the amount of taxes paid to the local governments providing land-related services  
203.33 on the parcel in the previous year if the parcel was acquired before January 1 of the current

204.1 year. The county must distribute the amount by December 15 to all local governments  
204.2 providing land-related services based on the location of the parcel and the local governments'  
204.3 share of the total tax; and

204.4 (2) for all subsequent years, the withdrawal for a parcel is equal to the taxes that would  
204.5 be owed based on the appraised value of the land and the taxes assessed by local governments  
204.6 providing land-related services on comparable, privately owned adjacent land. For purposes  
204.7 of this subdivision, "appraised value" is determined in the manner described in section  
204.8 477A.12, subdivision 3. The county treasurer must allocate the withdrawn funds among the  
204.9 local governments providing land-related services on the same basis as if the funds were  
204.10 taxes on the land received in that year. The county treasurer must pay the allocation to all  
204.11 eligible local governments by December 15 of the year in which the withdrawal is made.  
204.12 The county's share of the payment must be deposited in the county general fund.

204.13 (b) If the distribution to a county under subdivision 1 is less than its total withdrawal  
204.14 amounts certified under this subdivision, all distributions under paragraph (a) are reduced  
204.15 proportionately.

204.16 (c) The local governments receiving a payment under this section must use the money  
204.17 to fund land-related services. For purposes of this paragraph, "land-related services" means  
204.18 services used to restore, enhance, and protect the land and its fish and wildlife habitat and  
204.19 provide any other public services benefiting the land and users of the land, including access  
204.20 and services to the public accessing and using the land and direct and indirect capital and  
204.21 operating costs for (1) roads, bridges, and trails; (2) public safety and emergency response  
204.22 services; (3) environmental, recreational, and resource development and management; and  
204.23 (4) similar costs.

204.24 (d) For purposes of this subdivision, "local governments providing land-related services"  
204.25 has the meaning given in section 116P.02, subdivision 4c.

204.26 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to land  
204.27 acquired with money appropriated on or after July 1, 2017.

204.28 **Sec. 18. DELAYED REQUIREMENT FOR TRUST FUND PAYMENTS FOR**  
204.29 **APPROPRIATIONS MADE FOR FISCAL YEAR 2018.**

204.30 (a) Notwithstanding Minnesota Statutes, section 97A.056, subdivision 15a, the state  
204.31 may appropriate money for fiscal year 2018 from the outdoor heritage fund to purchase  
204.32 land without appropriating sufficient funds to cover the onetime trust fund payment required  
204.33 under Minnesota Statutes, section 97A.056, subdivision 1b. The amount necessary to make

205.1 the payment required under Minnesota Statutes, section 97A.056, subdivision 1b, for all  
 205.2 fiscal year 2018 appropriations for land purchases must be deposited in the outdoor heritage  
 205.3 trust fund payment account by August 1, 2018, or the restriction on land acquisition under  
 205.4 Minnesota Statutes, section 97A.056, subdivision 15a, applies to any land acquisition  
 205.5 authorized with fiscal year 2018 funds that have not yet been acquired.

205.6 (b) Notwithstanding Minnesota Statutes, section 116P.045, subdivision 5, the state may  
 205.7 appropriate money in fiscal year 2018 from the environment and natural resources trust  
 205.8 fund to purchase land without appropriating sufficient funds to cover the onetime trust fund  
 205.9 payment required under Minnesota Statutes, section 116P.045, subdivision 2. The amount  
 205.10 necessary to make the payment required under Minnesota Statutes, section 116P.045,  
 205.11 subdivision 2, for all fiscal year 2018 appropriations for land purchases must be deposited  
 205.12 in the environment and natural resources trust fund payment account by August 1, 2018, or  
 205.13 the restriction on land acquisition under Minnesota Statutes, section 116P.045, subdivision  
 205.14 5, applies to any land acquisition authorized with fiscal year 2018 funds that have not yet  
 205.15 been acquired.

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

## 205.17 **ARTICLE 7**

### 205.18 **LOCAL OPTION SALES AND USE TAXES**

205.19 Section 1. **[471.9998] MERCHANT BAGS; PROHIBITION ON FEE OR TAX.**

205.20 Notwithstanding any other provision of law, no political subdivision may impose or  
 205.21 require the imposition of any fee or tax, other than a local sales tax subject to section  
 205.22 297A.99, upon the use of paper, plastic, or reusable bags for packaging of any item or good  
 205.23 purchased from a merchant, itinerant vendor, or peddler.

205.24 **EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on  
 205.25 the effective date of this section that would be prohibited under this section are invalid as  
 205.26 of the effective date of this section.

205.27 Sec. 2. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,  
 205.28 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003,  
 205.29 First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5,  
 205.30 section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

205.31 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law,  
 205.32 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,

206.1 impose an additional sales tax of up to one and three-quarter percent on sales transactions  
206.2 which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c).  
206.3 The imposition of this tax shall not be subject to voter referendum under either state law or  
206.4 city charter provisions. When the city council determines that the taxes imposed under this  
206.5 paragraph at a rate of three-quarters of one percent and other sources of revenue produce  
206.6 revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus  
206.7 issuance and discount costs, issued for capital improvements at the Duluth Entertainment  
206.8 and Convention Center, which include a new arena, the rate of tax under this subdivision  
206.9 must be reduced by three-quarters of one percent.

206.10 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section  
206.11 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of  
206.12 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent  
206.13 on sales transactions which are described in Minnesota Statutes 2000, section 297A.01,  
206.14 subdivision 3, clause (c). This tax expires when the city council determines that the tax  
206.15 imposed under this paragraph, along with the tax imposed under section 22, paragraph (b),  
206.16 has produced revenues sufficient to pay the debt service on bonds in a principal amount of  
206.17 no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements  
206.18 to public facilities to support tourism and recreational activities in that portion of the city  
206.19 west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

206.20 (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds  
206.21 under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of  
206.22 issuance and any premiums. The proceeds may be used to finance capital improvements to  
206.23 public facilities that support tourism and recreational activities in the portion of the city  
206.24 west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway, as  
206.25 described in paragraph (b). The issuance of the bonds is subject to the provisions of  
206.26 Minnesota Statutes, chapter 475, except no election shall be required unless required by the  
206.27 city charter. The bonds shall not be included in computing net debt. The revenues from the  
206.28 taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph  
206.29 (b), may be pledged to pay principal of and interest on such bonds.

206.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
206.31 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
206.32 subdivisions 2 and 3.

207.1 Sec. 3. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article  
207.2 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws  
207.3 2014, chapter 308, article 3, section 22, is amended to read:

207.4 **Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

207.5 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance,  
207.6 or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an  
207.7 additional tax of one percent upon the gross receipts from the sale of lodging for periods of  
207.8 less than 30 days in hotels and motels located in the city. The tax shall be collected in the  
207.9 same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one.  
207.10 The imposition of this tax shall not be subject to voter referendum under either state law or  
207.11 city charter provisions.

207.12 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section  
207.13 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of  
207.14 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent  
207.15 on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and  
207.16 motels located in the city. This tax expires when the city council first determines that the  
207.17 tax imposed under this paragraph, along with the tax imposed under section 21, paragraph  
207.18 (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount  
207.19 of no more than \$18,000,000, plus issuance and discount costs, to finance capital  
207.20 improvements to public facilities to support tourism and recreational activities in that portion  
207.21 of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline  
207.22 Parkway.

207.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
207.24 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
207.25 subdivisions 2 and 3.

207.26 Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws  
207.27 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and  
207.28 Laws 2009, chapter 88, article 4, section 14, is amended to read:

207.29 **Subd. 3. Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
207.30 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a  
207.31 portion of the expenses of constructing and improving facilities as part of an urban  
207.32 revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses  
207.33 include, but are not limited to, acquiring property and paying relocation expenses related  
207.34 to the development of Riverfront 2000 and related facilities, and securing or paying debt

208.1 service on bonds or other obligations issued to finance the construction of Riverfront 2000  
208.2 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities"  
208.3 means a civic-convention center, an arena, a riverfront park, a technology center and related  
208.4 educational facilities, and all publicly owned real or personal property that the governing  
208.5 body of the city determines will be necessary to facilitate the use of these facilities, including  
208.6 but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also  
208.7 includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition  
208.8 Center, for use by Minnesota State University, Mankato.

208.9 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved  
208.10 by voters at the November 8, 2016, general election, the city may by ordinance also use  
208.11 revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000,  
208.12 plus associated bond costs, to pay all or a portion of the expenses of the following capital  
208.13 projects:

208.14 (1) construction and improvements to regional recreational facilities including existing  
208.15 hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal  
208.16 swimming pool including improvements to make the pool compliant with the Americans  
208.17 with Disabilities Act, and indoor regional athletic facilities;

208.18 (2) improvements to flood control and the levee system;

208.19 (3) water quality improvement projects in Blue Earth and Nicollet Counties;

208.20 (4) expansion of the regional transit building and related multimodal transit  
208.21 improvements;

208.22 (5) regional public safety and emergency communications improvements and equipment;  
208.23 and

208.24 (6) matching funds for improvements to publicly owned regional facilities including a  
208.25 historic museum, supportive housing, and a senior center.

208.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
208.27 city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
208.28 645.021, subdivisions 2 and 3.



209.1 Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws  
209.2 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366,  
209.3 article 7, section 10, is amended to read:

209.4 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority  
209.5 granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall  
209.6 expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including  
209.7 interest and all other associated bond costs authorized under subdivision 5, or December  
209.8 31, ~~2022~~ 2038.

209.9 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
209.10 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

209.11 Sec. 6. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

209.12 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city  
209.13 in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without  
209.14 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or  
209.15 a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related  
209.16 facilities shall not be included in computing any debt limitations applicable to the city of  
209.17 Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest  
209.18 on the bonds shall not be subject to any levy limitation or be included in computing or  
209.19 applying any levy limitation applicable to the city.

209.20 (b) The city of Mankato may issue general obligation bonds of the city in an amount not  
209.21 to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without  
209.22 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or  
209.23 a tax to pay them. The debt represented by bonds under this paragraph shall not be included  
209.24 in computing any debt limitations applicable to the city of Mankato, and the levy of taxes  
209.25 required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds,  
209.26 and shall not be subject to any levy limitation or be included in computing or applying any  
209.27 levy limitation applicable to the city. The city may use tax revenue in excess of one year's  
209.28 principal interest reserve for intended annual bond payments to pay all or a portion of the  
209.29 cost of capital improvements authorized in subdivision 3.

209.30 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
209.31 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

210.1 Sec. 7. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws  
210.2 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7,  
210.3 article 4, section 4, is amended to read:

210.4 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section  
210.5 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of  
210.6 Hermantown may, by ordinance, impose an additional sales tax of up to one percent on  
210.7 sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within  
210.8 the city. The proceeds of the tax imposed under this section must be used to meet the costs  
210.9 of:

210.10 (1) extending a sewer interceptor line;

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

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

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

210.18 (c) As approved by the voters at the November 8, 2016, general election, the proceeds  
210.19 under this section may also be used to meet the costs of debt service payments for  
210.20 construction of the Hermantown Wellness Center.

210.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
210.22 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section  
210.23 645.021, subdivisions 2 and 3.

210.24 Sec. 8. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws  
210.25 2006, chapter 259, article 3, section 4, is amended to read:

210.26 Subd. 4. **Termination.** The tax authorized under this section terminates ~~on March 31,~~  
210.27 ~~2026~~ at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council  
210.28 first determines that sufficient funds have been received from the tax to fund the costs,  
210.29 including bonds and associated bond costs for the uses specified in subdivision 1. Any funds  
210.30 remaining after completion of the improvements and retirement or redemption of the bonds  
210.31 may be placed in the general fund of the city.

211.1 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
211.2 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

211.3 Sec. 9. Laws 1999, chapter 243, article 4, section 17, subdivision 3, is amended to read:

211.4 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
211.5 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for  
211.6 construction and improvement of a civic and community center and recreational facilities  
211.7 to serve all ages, including seniors and youth. Authorized expenses include, but are not  
211.8 limited to, acquiring property, paying construction and operating expenses related to the  
211.9 development of an authorized facility, funding facilities replacement reserves, and paying  
211.10 debt service on bonds or other obligations issued to finance the construction or expansion  
211.11 of an authorized facility. The capital expenses for all projects authorized under this  
211.12 subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount  
211.13 equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

211.14 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved  
211.15 by the voters at the November 8, 2016, general election, the city of New Ulm may by  
211.16 ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a  
211.17 maximum of \$14,800,000, plus associated bond costs, to pay all or a portion of the expenses  
211.18 of the following capital projects:

211.19 (1) constructing an indoor water park and making safety improvements to the existing  
211.20 recreational center pool;

211.21 (2) constructing an indoor playground, a wellness center, and a gymnastics facility;

211.22 (3) constructing a winter multipurpose dome;

211.23 (4) making improvements to Johnson Park Grandstand; and

211.24 (5) making improvements to the entrance road and parking at Hermann Heights Park.

211.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
211.26 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
211.27 645.021, subdivisions 2 and 3.

211.28 Sec. 10. Laws 1999, chapter 243, article 4, section 17, is amended by adding a subdivision  
211.29 to read:

211.30 Subd. 4a. **Bonding authority; additional use and extension of tax.** As approved by  
211.31 the voters at the November 8, 2016, general election, and in addition to the bonds issued

212.1 under subdivision 4, the city of New Ulm may issue general obligation bonds of the city in  
212.2 an amount not to exceed \$14,800,000 for the projects listed in subdivision 3, paragraph (b).  
212.3 The debt represented by bonds under this subdivision shall not be included in computing  
212.4 any debt limitations applicable to the city of New Ulm, and the levy of taxes required by  
212.5 Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall  
212.6 not be subject to any levy limitation or be included in computing or applying any levy  
212.7 limitation applicable to the city.

212.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
212.9 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
212.10 645.021, subdivisions 2 and 3.

212.11 Sec. 11. Laws 1999, chapter 243, article 4, section 17, subdivision 5, is amended to read:

212.12 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
212.13 when the city council determines that sufficient funds have been received from the taxes to  
212.14 finance the capital and administrative costs for the acquisition, construction, and improvement  
212.15 of facilities described in subdivision 3, including the additional use of revenues under  
212.16 subdivision 3, paragraph (b), as approved by the voters at the November 8, 2016, general  
212.17 election, and to prepay or retire at maturity the principal, interest, and premium due on any  
212.18 bonds issued for the facilities under ~~subdivision 4~~ subdivisions 4 and 4a. Any funds remaining  
212.19 after completion of the project and retirement or redemption of the bonds may be placed in  
212.20 the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at  
212.21 an earlier time if the city so determines by ordinance.

212.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
212.23 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
212.24 645.021, subdivisions 2 and 3.

212.25 Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws  
212.26 2008, chapter 366, article 7, section 12, is amended to read:

212.27 Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section  
212.28 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city  
212.29 voters at the first municipal general election held after the date of final enactment of this  
212.30 act or at a special election held November 2, 1999, the city of Proctor may impose by  
212.31 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in  
212.32 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
212.33 administration, collection, and enforcement of the tax authorized under this subdivision.

213.1 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
213.2 law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional  
213.3 sales and use tax of up to one-half of one percent as approved by the voters at the November  
213.4 4, 2014, election. The revenues received from the additional tax must be used for the purposes  
213.5 specified in subdivision 3, paragraph (b).

213.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
213.7 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
213.8 subdivisions 2 and 3.

213.9 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 2,  
213.10 as amended by Laws 2006, chapter 259, article 3, section 6, is amended to read:

213.11 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be  
213.12 used to pay for ~~lake~~ water quality improvement projects as detailed in the Shell Rock River  
213.13 watershed plan and as directed by the Shell Rock River Watershed Board. Notwithstanding  
213.14 any provision of statute, other law, or city charter to the contrary, the city shall transfer all  
213.15 revenues from the tax imposed under subdivision 1, as soon as they are received, to the  
213.16 Shell Rock River Watershed District. ~~The city is not required to review the intended uses~~  
213.17 ~~of the revenues by the watershed district, nor is the watershed district required to submit to~~  
213.18 ~~the city proposed budgets, statements, or invoices explaining the intended uses of the~~  
213.19 ~~revenues as a prerequisite for the transfer of the revenues.~~ The Shell Rock River Watershed  
213.20 District shall appear before the city of Albert Lea City Council on a biannual basis to present  
213.21 a report of its activities, expenditures, and intended uses of the city sales tax revenue.

213.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
213.23 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
213.24 645.021, subdivisions 2 and 3.

213.25 Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4,  
213.26 as amended by Laws 2014, chapter 308, article 3, section 23, is amended to read:

213.27 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier  
213.28 of (1) ~~15~~ 30 years after the taxes are first imposed, or (2) when the city council first  
213.29 determines that the amount of revenues raised to pay for the projects under subdivision 2,  
213.30 shall meet or exceed the sum of ~~\$15,000,000~~ \$30,000,000. Any funds remaining after  
213.31 completion of the projects may be placed in the general fund of the city.

214.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
214.2 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
214.3 645.021, subdivisions 2 and 3.

214.4 Sec. 15. Laws 2008, chapter 366, article 7, section 20, is amended to read:

214.5 **Sec. 20. CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

214.6 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
214.7 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the  
214.8 approval of the voters on November 7, 2006, the city of North Mankato may impose by  
214.9 ordinance a sales and use tax of one-half of one percent for the purposes specified in  
214.10 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
214.11 administration, collection, and enforcement of the taxes authorized under this subdivision.

214.12 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1  
214.13 must be used to pay all or part of the capital costs of the following projects:

214.14 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange  
214.15 project;

214.16 (2) development of regional parks and hiking and biking trails, including construction  
214.17 of indoor regional athletic facilities;

214.18 (3) expansion of the North Mankato Taylor Library;

214.19 (4) riverfront redevelopment; and

214.20 (5) lake improvement projects.

214.21 The total amount of revenues from the tax in subdivision 1 that may be used to fund  
214.22 these projects is ~~\$6,000,000~~ \$15,000,000 plus any associated bond costs.

214.23 Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section  
214.24 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax  
214.25 authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated  
214.26 bond costs, to fund the projects in subdivision 2 as approved by the voters at the November  
214.27 8, 2016, general election.

214.28 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters  
214.29 at the November 7, 2006 referendum authorizing the imposition of the taxes in this section,  
214.30 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
214.31 expenses for the projects described in subdivision 2, in an amount that does not exceed

215.1 \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
215.2 475.58, is not required.

215.3 (b) The city of North Mankato, pursuant to approval of the voters at the November 8,  
215.4 2016, referendum extending the tax fee to provide additional revenue to be spent for the  
215.5 projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter  
215.6 475, to pay capital and administrative expenses for those projects in an amount that does  
215.7 not exceed \$9,000,000. A separate election to approve the bonds under Minnesota Statutes,  
215.8 section 475.58, is not required.

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

215.12 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the~~  
215.13 ~~city council determines that the amount of revenues received from the taxes to pay for the~~  
215.14 ~~projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount~~  
215.15 ~~needed to pay the costs related to issuance of bonds under subdivision 3, including interest~~  
215.16 ~~on the bonds~~ at the earlier of December 31, 2038, or when revenues from the taxes first  
215.17 equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to  
215.18 issuance of bonds under subdivision 3, including interest. Any funds remaining after  
215.19 completion of the projects and retirement or redemption of the bonds shall be placed in a  
215.20 capital facilities and equipment replacement fund of the city. The tax imposed under  
215.21 subdivision 1 may expire at an earlier time if the city so determines by ordinance.

215.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
215.23 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
215.24 645.021, subdivisions 2 and 3.

215.25 Sec. 16. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

215.26 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
215.27 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
215.28 charter, and as approved by the voters at a special election on March 7, 2016, the city of  
215.29 East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for  
215.30 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
215.31 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
215.32 collection, and enforcement of the tax authorized under this subdivision.

216.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized  
216.2 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of  
216.3 collecting and administering the tax and to finance the capital and administrative costs of  
216.4 improvement to the city public swimming pool. Authorized expenses include, but are not  
216.5 limited to, paying construction expenses related to the renovation and the development of  
216.6 these facilities and improvements, and securing and paying debt service on bonds issued  
216.7 under subdivision 3 or other obligations issued to finance improvement of the public  
216.8 swimming pool in the city of East Grand Forks

216.9 Subd. 3. Bonding authority. (a) The city of East Grand Forks may issue bonds under  
216.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
216.11 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
216.12 subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of  
216.13 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
216.14 to the city of East Grand Forks, including the tax authorized under subdivision 1. The  
216.15 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60  
216.16 and 275.61.

216.17 (b) The bonds are not included in computing any debt limitation applicable to the city  
216.18 of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61, to  
216.19 pay principal and interest on the bonds is not subject to any levy limitation. A separate  
216.20 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

216.21 Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the later  
216.22 of: (1) five years after the tax is first imposed; or (2) when the city council determines that  
216.23 \$2,820,000 has been received from the tax to pay for the cost of the projects authorized  
216.24 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
216.25 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
216.26 after payment of all such costs and retirement or redemption of the bonds shall be placed  
216.27 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
216.28 time if the city so determines by ordinance.

216.29 EFFECTIVE DATE. This section is effective the day after the governing body of the  
216.30 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,  
216.31 section 645.021, subdivisions 2 and 3.

216.32 Sec. 17. CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.

216.33 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
216.34 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city



217.1 charter, and as approved by the voters at the general election of November 8, 2016, the city  
217.2 of Fairmont may impose, by ordinance, a sales and use tax of one-half of one percent for  
217.3 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
217.4 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
217.5 collection, and enforcement of the tax authorized under this subdivision.

217.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
217.7 under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and  
217.8 administering the tax and to finance the capital and administrative costs of constructing and  
217.9 funding recreational amenities, trails, and a community center. The total that may be raised  
217.10 from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the  
217.11 issuance and paying debt service on bonds for these projects.

217.12 Subd. 3. **Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota  
217.13 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
217.14 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
217.15 not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing  
217.16 the bonds. The bonds may be paid from or secured by any funds available to the city of  
217.17 Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under  
217.18 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

217.23 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
217.24 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
217.25 that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
217.26 authorized under subdivision 3, including interest on the bonds, has been received from the  
217.27 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
217.28 after payment of all such costs and retirement or redemption of the bonds shall be placed  
217.29 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
217.30 time if the city so determines by ordinance.

217.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
217.32 city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section  
217.33 645.021, subdivisions 2 and 3.

218.1 Sec. 18. **CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

218.2 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
218.3 section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city  
218.4 charter, and as approved by the voters at the November 8, 2016, general election, the city  
218.5 of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one  
218.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
218.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
218.8 administration, collection, and enforcement of the tax authorized under this subdivision.

218.9 **Subd. 2. Use of sales and use tax revenues.** The revenues from the tax authorized under  
218.10 subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and  
218.11 administering the tax and securing and paying debt service on bonds issued to finance all  
218.12 or part of the costs of the expansion and betterment of the Fergus Falls Public Library located  
218.13 at 205 East Hampden Avenue in the city of Fergus Falls.

218.14 **Subd. 3. Bonding authority.** (a) The city of Fergus Falls may issue bonds under  
218.15 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
218.16 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
218.17 subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of  
218.18 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
218.19 city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds  
218.20 under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

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

218.25 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
218.26 earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines  
218.27 that \$9,800,000 has been received from the tax to pay for the cost of the project authorized  
218.28 under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the  
218.29 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
218.30 after payment of all such costs and retirement or redemption of the bonds shall be placed  
218.31 in the general fund of the city. The tax imposed under subdivision 1 may expire at any  
218.32 earlier time if the city so determines by ordinance.

219.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
219.2 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section  
219.3 645.021, subdivisions 2 and 3.

219.4 Sec. 19. **CITY OF MOOSE LAKE; TAXES AUTHORIZED.**

219.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
219.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
219.7 as approved by the voters at the November 6, 2012, general election, the city of Moose Lake  
219.8 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
219.9 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
219.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
219.11 collection, and enforcement of the tax authorized under this subdivision.

219.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
219.13 under subdivision 1 must be used by the city of Moose Lake to pay the costs of collecting  
219.14 and administering the tax and to finance the costs of: (1) improvements to the city's park  
219.15 system; (2) street and related infrastructure improvements; and (3) municipal arena  
219.16 improvements. Authorized costs include construction and engineering costs and associated  
219.17 bond costs.

219.18 Subd. 3. **Bonding authority.** The city of Moose Lake may issue bonds under Minnesota  
219.19 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
219.20 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
219.21 not exceed \$3,000,000, plus an amount to be applied to the payment of the costs of issuing  
219.22 the bonds. The bonds may be paid from or secured by any funds available to the city of  
219.23 Moose Lake, including the tax authorized under subdivision 1. The issuance of bonds under  
219.24 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

219.25 The bonds are not included in computing any debt limitation applicable to the city of  
219.26 Moose Lake, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
219.27 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
219.28 the bonds under Minnesota Statutes, section 475.58, is not required.

219.29 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
219.30 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
219.31 that \$3,000,000 has been received from the tax to pay for the cost of the projects authorized  
219.32 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
219.33 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
219.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

220.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
220.2 time if the city so determines by ordinance.

220.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
220.4 city of Moose Lake and its chief clerical officer comply with Minnesota Statutes, section  
220.5 645.021, subdivisions 2 and 3.

220.6 Sec. 20. **CITY OF NEW LONDON; TAX AUTHORIZED.**

220.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
220.8 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
220.9 charter, and as approved by the voters at the general election of November 8, 2016, the city  
220.10 of New London may impose, by ordinance, a sales and use tax of one-half of one percent  
220.11 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
220.12 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
220.13 collection, and enforcement of the tax authorized under this subdivision.

220.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
220.15 under subdivision 1 must be used by the city of New London to pay the costs of collecting  
220.16 and administering the tax and to finance the capital and administrative costs of the following  
220.17 projects:

220.18 (1) construction and equipping of a new library and community room;

220.19 (2) construction of an ambulance bay at the fire hall; and

220.20 (3) improvements to the New London Senior Citizen Center.

220.21 The total that may be raised from the tax to pay for these projects is limited to \$872,000  
220.22 plus the costs related to the issuance and paying debt service on bonds for these projects.

220.23 Subd. 3. **Bonding authority.** (a) The city of New London may issue bonds under  
220.24 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
220.25 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
220.26 subdivision may not exceed \$872,000, plus an amount to be applied to the payment of the  
220.27 costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
220.28 to the city of New London, including the tax authorized under subdivision 1. The issuance  
220.29 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
220.30 275.61.

220.31 (b) The bonds are not included in computing any debt limitation applicable to the city  
220.32 of New London, and any levy of taxes under Minnesota Statutes, section 475.61, to pay

221.1 principal and interest on the bonds is not subject to any levy limitation. A separate election  
221.2 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

221.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
221.4 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
221.5 that \$872,000, plus an amount sufficient to pay the costs related to issuing the bonds  
221.6 authorized under subdivision 3, including interest on the bonds, has been received from the  
221.7 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
221.8 after payment of all such costs and retirement or redemption of the bonds shall be placed  
221.9 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
221.10 time if the city so determines by ordinance.

221.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
221.12 city of New London and its chief clerical officer comply with Minnesota Statutes, section  
221.13 645.021, subdivisions 2 and 3.

221.14 Sec. 21. **CITY OF SLEEPY EYE; LODGING TAX.**

221.15 Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law,  
221.16 ordinance, or city charter, the city council for the city of Sleepy Eye may impose, by  
221.17 ordinance, a tax of up to two percent on the gross receipts subject to the lodging tax under  
221.18 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
221.19 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
221.20 provision must not exceed five percent. Revenue from the tax imposed under this section  
221.21 may only be used for the same purposes as a tax imposed under Minnesota Statutes, section  
221.22 469.190.

221.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
221.24 city of Sleepy Eye and its chief clerical officer comply with Minnesota Statutes, section  
221.25 645.021, subdivisions 2 and 3.

221.26 Sec. 22. **CITY OF SPICER; TAX AUTHORIZED.**

221.27 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
221.28 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
221.29 charter, and as approved by the voters at the general election of November 8, 2016, the city  
221.30 of Spicer may impose, by ordinance, a sales and use tax of one-half of one percent for the  
221.31 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
221.32 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
221.33 collection, and enforcement of the tax authorized under this subdivision.

222.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized  
222.2 under subdivision 1 must be used by the city of Spicer to pay the costs of collecting and  
222.3 administering the tax and to finance the capital and administrative costs of the following  
222.4 projects:

222.5 (1) pedestrian public safety improvements such as a pedestrian bridge or crosswalk  
222.6 signals at marked Trunk Highway 23;

222.7 (2) park and trail capital improvements including signage for bicycle share the road  
222.8 improvements and replacement of playground and related facilities; and

222.9 (3) capital improvements to regional community facilities such as the Dethelfs roof and  
222.10 window replacement and the Pioneerland branch library roof replacement.

222.11 Subd. 3. Termination of taxes. The tax imposed under subdivision 1 expires at the  
222.12 earlier of: (1) ten years after the tax is first imposed; or (2) December 31, 2027. All funds  
222.13 not used to pay collection and administration costs of the tax must be used for projects listed  
222.14 in subdivision 2. The tax imposed under subdivision 1 may expire at an earlier time if the  
222.15 city so determines by ordinance.

222.16 EFFECTIVE DATE. This section is effective the day after the governing body of the  
222.17 city of Spicer and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
222.18 subdivisions 2 and 3.

222.19 **Sec. 23. CITY OF WALKER; LOCAL TAXES AUTHORIZED.**

222.20 Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes,  
222.21 section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the  
222.22 approval of the voters at the general election on November 6, 2012, the city of Walker may  
222.23 impose by ordinance a sales and use tax of 1-1/2 percent for the purposes specified in  
222.24 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
222.25 administration, collection, and enforcement of the taxes authorized under this subdivision.

222.26 Subd. 2. Use of revenues. Revenues received from the tax authorized by subdivision 1  
222.27 must be used to pay all or part of the capital and administrative costs of underground utility,  
222.28 street, curb, gutter, and sidewalk improvements in the city of Walker as outlined in the 2012  
222.29 capital improvement plan of the engineer of the city of Walker.

222.30 Subd. 3. Bonding authority. The city of Walker, pursuant to the approval of the voters  
222.31 at the November 6, 2012, referendum authorizing the imposition of the taxes in this section,  
222.32 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
222.33 expenses for the projects described in subdivision 2, in an amount that does not exceed

223.1 \$20,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
223.2 475.58, is not required.

223.3 Subd. 4. **Termination of tax.** (a) The tax authorized under subdivision 1 terminates at  
223.4 the earlier of:

223.5 (1) 20 years after the date of initial imposition of the tax; or

223.6 (2) when the city council determines that sufficient funds have been raised from the tax  
223.7 to finance the capital and administrative costs of the improvements described in subdivision  
223.8 2, plus the additional amount needed to pay the costs related to issuance of bonds under  
223.9 subdivision 3, including interest on the bonds.

223.10 (b) Any funds remaining after completion of the projects specified in subdivision 2 and  
223.11 retirement or redemption of bonds in subdivision 3 shall be placed in the general fund of  
223.12 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so  
223.13 determines by ordinance.

223.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
223.15 city of Walker and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
223.16 subdivisions 2 and 3.

223.17 Sec. 24. **CITY OF WINDOM; TAXES AUTHORIZED.**

223.18 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
223.19 section 477A.016, or any other provision of law, ordinance, or city charter, as approved by  
223.20 the voters at the general election held on November 8, 2016, the city of Windom may impose  
223.21 by ordinance a sales and use tax of up to one percent for the purposes specified in subdivision  
223.22 3. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
223.23 govern the imposition, administration, collection, and enforcement of the tax authorized  
223.24 under this subdivision.

223.25 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section must be  
223.26 used to pay for the cost of collecting the tax and to pay all or a portion of the expenses of  
223.27 constructing and improving a fire hall and a public safety facility, including any associated  
223.28 bond costs.

223.29 Subd. 3. **Bonding authority.** The city of Windom, pursuant to the approval of the voters  
223.30 at the referendum authorizing the imposition of tax in this section, may issue bonds under  
223.31 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the project  
223.32 described in subdivision 2. A separate election to approve the bonds under Minnesota  
223.33 Statutes, section 475.58, is not required.

224.1 Subd. 4. **Termination of tax.** (a) The tax authorized under subdivision 1 terminates at  
224.2 the earlier of:

224.3 (1) 15 years after the date of initial imposition of the tax; or

224.4 (2) when \$3,500,000 has been collected.

224.5 (b) Any funds remaining after completion of the projects specified in subdivision 2 may  
224.6 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
224.7 at an earlier time if the city so determines by ordinance.

224.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
224.9 city of Windom and its chief clerical officer comply with Minnesota Statutes, section  
224.10 645.021, subdivisions 2 and 3.

224.11 Sec. 25. **CLAY COUNTY; TAX AUTHORIZED.**

224.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
224.13 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and as  
224.14 approved by the voters at the November 8, 2016, general election, Clay County may impose,  
224.15 by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified  
224.16 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
224.17 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
224.18 of the tax authorized under this subdivision.

224.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
224.20 under subdivision 1 must be used by Clay County to pay the costs of collecting and  
224.21 administering the tax and to finance the capital and administrative costs of constructing and  
224.22 equipping a new correctional facility, law enforcement center, and related parking facility.  
224.23 Authorized expenses include but are not limited to paying design, development, and  
224.24 construction costs related to these facilities and improvements, and securing and paying  
224.25 debt service on bonds issued under subdivision 3 or other obligations issued to finance the  
224.26 facilities listed in this subdivision.

224.27 Subd. 3. **Bonding authority.** Clay County may issue bonds under Minnesota Statutes,  
224.28 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
224.29 2. The aggregate principal amount of bonds issued under this subdivision may not exceed  
224.30 \$52,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.  
224.31 The bonds may be paid from or secured by any funds available to Clay County, including  
224.32 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
224.33 subject to Minnesota Statutes, sections 275.60 and 275.61.



225.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
225.2 earlier of: (1) 20 years after the tax is first imposed; or (2) when the county board determines  
225.3 that \$52,000,000, plus an amount sufficient to pay the costs related to issuance of the bonds  
225.4 authorized under subdivision 3, including interest on the bonds, has been received from the  
225.5 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
225.6 after payment of all such costs and retirement or redemption of the bonds shall be placed  
225.7 in the general fund of the county. The tax imposed under subdivision 1 may expire at an  
225.8 earlier time if the county so determines by ordinance.

225.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of Clay  
225.10 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
225.11 subdivisions 2 and 3.

225.12 Sec. 26. **GARRISON, KATHIO, WEST MILLE LACS LAKE SANITARY**  
225.13 **DISTRICT; TAXES AUTHORIZED.**

225.14 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
225.15 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, and as approved by  
225.16 the voters at the November 8, 2016, general election, the Garrison, Kathio, West Mille Lacs  
225.17 Lake Sanitary District may impose, by majority vote of the governing body of the district,  
225.18 a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except  
225.19 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
225.20 govern the imposition, administration, collection, and enforcement of the tax authorized  
225.21 under this subdivision.

225.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
225.23 under subdivision 1 must be used by the Garrison, Kathio, West Mille Lacs Lake Sanitary  
225.24 District to pay the costs of collecting and administering the tax and to repay general obligation  
225.25 revenue notes issued or other debt incurred for the construction of the wastewater collection  
225.26 system through the Minnesota Public Facilities Authority, general obligation disposal system  
225.27 bonds issued to finance the expense incurred in financing construction of sewer system  
225.28 improvements, and notes payable issued for costs associated with the sewer services  
225.29 agreement between the Garrison, Kathio, West Mille Lacs Lake Sanitary District and ML  
225.30 Wastewater Inc., and any other costs associated with system maintenance and improvements,  
225.31 including extension of the system to unserved customers as determined by the governing  
225.32 body of the district.

225.33 Subd. 3. **Bonds.** The Garrison, Kathio, West Mille Lacs Lake Sanitary District, pursuant  
225.34 to the approval of the voters at the November 8, 2016, referendum authorizing the imposition

226.1 of the tax under this section, may issue general obligation disposal system bonds for financing  
226.2 construction of sewer system improvements without a separate election required under  
226.3 Minnesota Statutes, section 442.25 or 475.58. The amount of bonds that may be issued  
226.4 without a separate election is equal to \$10,000,000 minus the amount of the tax revenue  
226.5 under this section committed to repay other notes as allowed under subdivision 2.

226.6 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
226.7 earlier of: (1) 20 years after the tax is first imposed; or (2) when the governing body of the  
226.8 Garrison, Kathio, West Mille Lacs Lake Sanitary District determines that \$10,000,000 has  
226.9 been received from the tax to pay for the costs authorized under subdivision 2. Any funds  
226.10 remaining after payment of all such costs and retirement or redemption of the bonds shall  
226.11 be placed in the general fund of the district. The tax imposed under subdivision 1 may expire  
226.12 at an earlier time if the governing body of the district so determines.

226.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
226.14 Garrison, Kathio, West Mille Lacs Lake Sanitary District and its chief clerical officer comply  
226.15 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

226.16 **Sec. 27. EFFECTIVE DATE; VALIDATION OF PRIOR ACT.**

226.17 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
226.18 Proctor may approve Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter  
226.19 389, article 5, sections 1 and 2, and file its approval with the secretary of state by January  
226.20 1, 2015. If approved under this paragraph, actions undertaken by the city pursuant to the  
226.21 approval of the voters on November 2, 2010, and otherwise in accordance with those laws  
226.22 are validated.

226.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
226.24 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
226.25 subdivisions 2 and 3.

226.26

## ARTICLE 8

226.27

### TAX INCREMENT FINANCING

226.28 Section 1. Minnesota Statutes 2016, section 469.174, subdivision 12, is amended to read:

226.29 Subd. 12. **Economic development district.** "Economic development district" means a  
226.30 type of tax increment financing district which consists of any project, or portions of a project,  
226.31 which the authority finds to be in the public interest because:

227.1 (1) it will discourage commerce, industry, or manufacturing from moving their operations  
227.2 to another state or municipality; ~~or~~

227.3 (2) it will result in increased employment in the state; ~~or~~

227.4 (3) it will result in preservation and enhancement of the tax base of the state; or

227.5 (4) it satisfies the requirements of a workforce housing project under section 469.176,  
227.6 subdivision 4c, paragraph (d).

227.7 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
227.8 certification was made after June 30, 2017.

227.9 Sec. 2. Minnesota Statutes 2016, section 469.175, subdivision 3, is amended to read:

227.10 Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net  
227.11 tax capacity of a tax increment financing district until the tax increment financing plan  
227.12 proposed for that district has been approved by the municipality in which the district is  
227.13 located. If an authority that proposes to establish a tax increment financing district and the  
227.14 municipality are not the same, the authority shall apply to the municipality in which the  
227.15 district is proposed to be located and shall obtain the approval of its tax increment financing  
227.16 plan by the municipality before the authority may use tax increment financing. The  
227.17 municipality shall approve the tax increment financing plan only after a public hearing  
227.18 thereon after published notice in a newspaper of general circulation in the municipality at  
227.19 least once not less than ten days nor more than 30 days prior to the date of the hearing. The  
227.20 published notice must include a map of the area of the district from which increments may  
227.21 be collected and, if the project area includes additional area, a map of the project area in  
227.22 which the increments may be expended. The hearing may be held before or after the approval  
227.23 or creation of the project or it may be held in conjunction with a hearing to approve the  
227.24 project.

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

227.28 (1) that the proposed tax increment financing district is a redevelopment district, a  
227.29 renewal or renovation district, a housing district, a soils condition district, or an economic  
227.30 development district; if the proposed district is a redevelopment district or a renewal or  
227.31 renovation district, the reasons and supporting facts for the determination that the district  
227.32 meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or

228.1 subdivision 10a, must be documented in writing and retained and made available to the  
228.2 public by the authority until the district has been terminated;

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

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

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

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

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

228.16 (5) that the municipality elects the method of tax increment computation set forth in  
228.17 section 469.177, subdivision 3, paragraph (b), if applicable.

228.18 (c) When the municipality and the authority are not the same, the municipality shall  
228.19 approve or disapprove the tax increment financing plan within 60 days of submission by  
228.20 the authority. When the municipality and the authority are not the same, the municipality  
228.21 may not amend or modify a tax increment financing plan except as proposed by the authority  
228.22 pursuant to subdivision 4. Once approved, the determination of the authority to undertake  
228.23 the project through the use of tax increment financing and the resolution of the governing  
228.24 body shall be conclusive of the findings therein and of the public need for the financing.

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

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

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

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

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

229.5 (f) Before or at the time of approval of the tax increment financing plan for a district to  
229.6 be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph  
229.7 (d), the municipality shall make the following findings and set forth in writing the reasons  
229.8 and supporting facts for each determination:

229.9 (1) the city is located outside of the metropolitan area, as defined in section 473.121,  
229.10 subdivision 2;

229.11 (2) the average vacancy rate for rental housing located in the municipality and in any  
229.12 statutory or home rule charter city located within 15 miles or less of the boundaries of the  
229.13 municipality has been three percent or less for at least the immediately preceding two-year  
229.14 period;

229.15 (3) at least one business located in the municipality or within 15 miles of the municipality  
229.16 that employs a minimum of 20 full-time equivalent employees in aggregate has provided a  
229.17 written statement to the municipality indicating that the lack of available rental housing has  
229.18 impeded the ability of the business to recruit and hire employees; and

229.19 (4) the municipality and the development authority intend to use increments from the  
229.20 district for the development of rental housing to serve employees of businesses located in  
229.21 the municipality or surrounding area.

229.22 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
229.23 certification was made after June 30, 2017.

229.24 Sec. 3. Minnesota Statutes 2016, section 469.176, subdivision 4c, is amended to read:

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

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

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

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

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

230.5 (5) tourism facilities; ~~or~~

230.6 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

230.7 (7) a workforce housing project that satisfies the requirements of paragraph (d).

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

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

230.20 (d) A project qualifies as a workforce housing project under this subdivision if:

230.21 (1) increments from the district are used exclusively to assist in the acquisition of  
230.22 property; construction of improvements; and provision of loans or subsidies, grants, interest  
230.23 rate subsidies, public infrastructure, and related financing costs for rental housing  
230.24 developments in the municipality; and

230.25 (2) the governing body of the municipality made the findings for the project required  
230.26 by section 469.175, subdivision 3, paragraph (f).

230.27 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
230.28 certification was made after June 30, 2017.

231.1 Sec. 4. Minnesota Statutes 2016, section 469.1761, is amended by adding a subdivision  
231.2 to read:

231.3 **Subd. 5. Income limits; Minnesota Housing Finance Agency challenge program.**

231.4 For a project receiving a loan or grant from the Minnesota Housing Finance Agency challenge  
231.5 program under section 462A.33, the income limits under section 462A.33 are substituted  
231.6 for the applicable income limits for the project under subdivision 2 or 3.

231.7 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
231.8 certification was made after June 30, 2017.

231.9 Sec. 5. Minnesota Statutes 2016, section 469.1763, subdivision 1, is amended to read:

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

231.12 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils  
231.13 correction, removal of hazardous waste or pollution, installation of utilities, construction  
231.14 of public or private improvements, and other similar activities, but only to the extent that  
231.15 tax increment revenues may be spent for such purposes under other law.

231.16 (c) "Third party" means an entity other than (1) the person receiving the benefit of  
231.17 assistance financed with tax increments, or (2) the municipality or the development authority  
231.18 or other person substantially under the control of the municipality.

231.19 (d) "Revenues derived from tax increments paid by properties in the district" means only  
231.20 tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include  
231.21 tax increment as defined in section 469.174, subdivision 25, clauses (2), (3), and (4) to (5).

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

231.23 Sec. 6. Minnesota Statutes 2016, section 469.1763, subdivision 2, is amended to read:

231.24 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
231.25 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
231.26 by properties in the district must be expended on activities in the district or to pay bonds,  
231.27 to the extent that the proceeds of the bonds were used to finance activities in the district or  
231.28 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
231.29 than redevelopment districts for which the request for certification was made after June 30,  
231.30 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
231.31 more than 25 percent of the total revenue derived from tax increments paid by properties  
231.32 in the district may be expended, through a development fund or otherwise, on activities

232.1 outside of the district but within the defined geographic area of the project except to pay,  
232.2 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
232.3 redevelopment districts for which the request for certification was made after June 30, 1995,  
232.4 the pooling percentage for purposes of the preceding sentence is 20 percent. The ~~revenue~~  
232.5 revenues derived from tax increments ~~for~~ paid by properties in the district that are expended  
232.6 on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
232.7 calculating the percentages that must be expended within and without the district.

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

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

232.14 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
232.15 by up to ten percentage points the permitted amount of expenditures for activities located  
232.16 outside the geographic area of the district under paragraph (a). As permitted by section  
232.17 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
232.18 paragraph (a), need not be made within the geographic area of the project. Expenditures  
232.19 that meet the requirements of this paragraph are legally permitted expenditures of the district,  
232.20 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
232.21 under this paragraph, the expenditures must:

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

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

232.27 (3) be used to:

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

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

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

232.31 (4) be used to develop housing:

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



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

233.3 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
233.4 473.121, or \$125,000 for all other municipalities; and

233.5 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
233.6 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
233.7 the parcel contains a residence containing one to four family dwelling units that has been  
233.8 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
233.9 7, but without regard to whether the residence is the owner's principal residence, and only  
233.10 after the redemption period has expired.

233.11 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

233.12 Increments may continue to be expended under this authority after that date, if they are used  
233.13 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
233.14 December 31, 2016, is considered to be the last date of the five-year period after certification  
233.15 under that provision.

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

233.17 Sec. 7. Minnesota Statutes 2016, section 469.1763, subdivision 3, is amended to read:

233.18 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
233.19 in the district are considered to have been expended on an activity within the district under  
233.20 subdivision 2 only if one of the following occurs:

233.21 (1) before or within five years after certification of the district, the revenues are actually  
233.22 paid to a third party with respect to the activity;

233.23 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
233.24 sold to a third party before or within five years after certification, the revenues are spent to  
233.25 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably  
233.26 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable  
233.27 temporary period within the meaning of the use of that term under section 148(c)(1) of the  
233.28 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement  
233.29 fund;

233.30 (3) binding contracts with a third party are entered into for performance of the activity  
233.31 before or within five years after certification of the district and the revenues are spent under  
233.32 the contractual obligation;

234.1 (4) costs with respect to the activity are paid before or within five years after certification  
234.2 of the district and the revenues are spent to reimburse a party for payment of the costs,  
234.3 including interest on unreimbursed costs; or

234.4 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
234.5 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
234.6 2, paragraph (e).

234.7 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
234.8 original refunded bonds meet the requirements of paragraph (a), clause (2).

234.9 (c) For a redevelopment district or a renewal and renovation district certified after June  
234.10 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
234.11 extended to ten years after certification of the district. For a redevelopment district certified  
234.12 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
234.13 (a) are extended to eight years after certification of the district. This extension is provided  
234.14 primarily to accommodate delays in development activities due to unanticipated economic  
234.15 circumstances.

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

234.17 Sec. 8. Minnesota Statutes 2016, section 469.178, subdivision 7, is amended to read:

234.18 Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money  
234.19 to finance expenditures under section 469.176, subdivision 4, from its general fund or any  
234.20 other fund under which it has legal authority to do so.

234.21 (b) Not later than 60 days after money is transferred, advanced, or spent, whichever is  
234.22 earliest, the loan or advance must be authorized, by resolution of the governing body or of  
234.23 the authority, whichever has jurisdiction over the fund from which the advance or loan is  
234.24 authorized, ~~before money is transferred, advanced, or spent, whichever is earliest.~~

234.25 (c) The resolution may generally grant to the municipality or the authority the power to  
234.26 make interfund loans under one or more tax increment financing plans or for one or more  
234.27 districts. The resolution may be adopted before or after the adoption of the tax increment  
234.28 financing plan or the creation of the tax increment financing district from which the advance  
234.29 or loan is to be repaid.

234.30 (d) The terms and conditions for repayment of the loan must be provided in writing ~~and~~  
234.31 The written terms and conditions may be in any form, but must include, at a minimum, the  
234.32 principal amount, the interest rate, and maximum term. Written terms may be modified or  
234.33 amended in writing by the municipality or the authority before the latest decertification of

235.1 any tax increment financing district from which the interfund loan is to be repaid. The  
235.2 maximum rate of interest permitted to be charged is limited to the greater of the rates  
235.3 specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized,  
235.4 unless the written agreement states that the maximum interest rate will fluctuate as the  
235.5 interest rates specified under section 270C.40 or 549.09 are from time to time adjusted.  
235.6 Loans or advances may be structured as draw-down or line-of-credit obligations of the  
235.7 lending fund.

235.8 (e) The authority shall report in the annual report submitted under section 469.175,  
235.9 subdivision 6:

235.10 (1) the amount of any interfund loan or advance made in a calendar year; and

235.11 (2) any amendment of an interfund loan or advance made in a calendar year.

235.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
235.13 applies to all districts, regardless of when the request for certification was made.

235.14 Sec. 9. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

235.15 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
235.16 financing plan for a district, the rules under this section apply to a redevelopment district,  
235.17 renewal and renovation district, economic development district, soil condition district, or  
235.18 a soil deficiency district established by the city or a development authority of the city in the  
235.19 project area.

235.20 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
235.21 rules under this subdivision, the city must find by resolution that parcels consisting of at  
235.22 least 80 percent of the acreage of the project area (excluding street and railroad right of  
235.23 way) are characterized by one or more of the following conditions:

235.24 (1) peat or other soils with geotechnical deficiencies that impair development of  
235.25 residential or commercial buildings or infrastructure;

235.26 (2) soils or terrain that requires substantial filling in order to permit the development of  
235.27 commercial or residential buildings or infrastructure;

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

235.29 (4) quarries or similar resource extraction sites;

235.30 (5) floodway; and

236.1 (6) substandard buildings within the meaning of Minnesota Statutes, section 469.174,  
236.2 subdivision 10.

236.3 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be  
236.4 characterized by the relevant condition if at least 70 percent of the area of the parcel contains  
236.5 the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to  
236.6 be characterized by substandard buildings if the buildings occupy at least 30 percent of the  
236.7 area of the parcel.

236.8 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
236.9 extended to ten years for any district, and section 469.1763, subdivision 4, does not apply  
236.10 to any district.

236.11 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph  
236.12 (a), not more than 80 percent of the total revenue derived from tax increments paid by  
236.13 properties in any district (measured over the life of the district) may be expended on activities  
236.14 outside the district but within the project area.

236.15 (f) For a soil deficiency district:

236.16 (1) increments may be collected through 20 years after the receipt by the authority of  
236.17 the first increment from the district; and

236.18 (2) except as otherwise provided in this subdivision, increments may be used only to:

236.19 (i) acquire parcels on which the improvements described in item (ii) will occur;

236.20 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
236.21 cost of installing public improvements directly caused by the deficiencies; and

236.22 (iii) pay for the administrative expenses of the authority allocable to the district.

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

236.26 (h) Increments from any district may not be used to pay the costs of landfill closure or  
236.27 public infrastructure located on the following parcels within the plat known as Burnsville  
236.28 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

236.29 (i) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is  
236.30 extended to nine years.

237.1 (j) The city may specify in the tax increment financing plan for any district the first year  
 237.2 in which it elects to receive increment, which may be up to eight years following approval  
 237.3 of the district.

237.4 (k) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, paragraph (c),  
 237.5 the city may waive any increment received in 2017 and, if so, it shall not be used in  
 237.6 determining the duration limit for any district created under this section.

237.7 (l) The authority to approve tax increment financing plans to establish tax increment  
 237.8 financing districts under this section expires on ~~December 31, 2018~~ March 20, 2023.

237.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
 237.10 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section  
 237.11 645.021.

237.12 Sec. 10. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter  
 237.13 382, section 84, is amended to read:

237.14 Sec. 17. **SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT**  
 237.15 **FINANCING DISTRICT; SPECIAL RULES.**

237.16 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and  
 237.17 the governing body of the city of Duluth approves the plan for the tax increment financing  
 237.18 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;  
 237.19 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;  
 237.20 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160;  
 237.21 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250;  
 237.22 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380;  
 237.23 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530;  
 237.24 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580;  
 237.25 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580;  
 237.26 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota  
 237.27 Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year  
 237.28 period from the date of certification of the tax increment financing district, must be  
 237.29 considered to be met if the activities are undertaken within five years after the date all  
 237.30 qualifying parcels are delisted from the Federal Superfund list.

237.31 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning  
 237.32 in the sixth year following certification of the district requirement, will begin in the sixth  
 237.33 year following the date all qualifying parcels are delisted from the Federal Superfund list.

238.1 (c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are  
238.2 satisfied if the action is commenced within four years after the date all qualifying parcels  
238.3 are delisted from the Federal Superfund list and evidence of the action required is submitted  
238.4 to the county auditor by February 1 of the fifth year following the year in which all qualifying  
238.5 parcels are delisted from the Federal Superfund list.

238.6 (d) For purposes of this section, "qualifying parcels" means United States Steel parcels  
238.7 listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the  
238.8 USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02) that are included in the  
238.9 tax increment financing district.

238.10 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,  
238.11 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels  
238.12 listed in paragraph (a) and shown as part of the USS St. Louis River-U.S. Steel Superfund  
238.13 Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted  
238.14 status, and if delisted, the delisting date.

238.15 (f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other  
238.16 law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan  
238.17 program before approval of the tax increment financing plan for or the establishment of the  
238.18 district authorized by this section. The authority may make loans under this program. The  
238.19 proceeds of the loans may be used for any permitted use of increments under this law or  
238.20 Minnesota Statutes, section 469.176, for the district and may be repaid with increments  
238.21 from the district established under this section. This paragraph applies to any action  
238.22 authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

238.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
238.24 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
238.25 subdivision 3.

238.26 Sec. 11. Laws 2014, chapter 308, article 6, section 8, subdivision 1, is amended to read:

238.27 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
238.28 Edina or its development authority may establish one or more tax increment financing  
238.29 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
238.30 exist on March 31, 2014.

238.31 (b) The authority to request certification of districts under this section expires on June  
238.32 30, ~~2017~~ 2020.

239.1 **EFFECTIVE DATE.** This section is effective on the day following final enactment  
239.2 without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph  
239.3 (a).

239.4 Sec. 12. Laws 2014, chapter 308, article 6, section 9, is amended to read:

239.5 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

239.8 (b) "City" means the city of Maple Grove.

239.9 (c) "Project area" means all or a portion of the area in the city commencing at a point  
239.10 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section  
239.11 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way  
239.12 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock  
239.13 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,  
239.14 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of  
239.15 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees  
239.16 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance  
239.17 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue  
239.18 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter  
239.19 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west  
239.20 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55  
239.21 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section  
239.22 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence  
239.23 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,  
239.24 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said  
239.25 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence  
239.26 South along the east line of said Outlot A and its southerly extension to the south right-of-way  
239.27 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way  
239.28 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of  
239.29 Section 24; thence South along said east line to the north line of the South Half of the  
239.30 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way  
239.31 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of  
239.32 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west  
239.33 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot  
239.34 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North

240.1 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east  
240.2 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south  
240.3 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State  
240.4 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the  
240.5 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of  
240.6 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way  
240.7 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary  
240.8 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence  
240.9 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning  
240.10 and there terminating, provided that the project area includes the rights-of-way for all present  
240.11 and future highway interchanges abutting the area described in this paragraph, and may  
240.12 include any additional property necessary to cause the property included in the tax increment  
240.13 financing district to consist of complete parcels.

240.14 (d) "Soil deficiency district" means a type of tax increment financing district consisting  
240.15 of a portion of the project area in which the city finds by resolution that the following  
240.16 conditions exist:

240.17 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in  
240.18 the district require substantial filling, grading, or other physical preparation for use; and

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

240.24 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
240.25 financing plan for a district, the rules under this section apply to a redevelopment district,  
240.26 renewal and renovation district, soil condition district, or soil deficiency district established  
240.27 by the city or a development authority of the city in the project area.

240.28 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
240.29 rules under this subdivision, the city must find by resolution that parcels consisting of at  
240.30 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
240.31 are characterized by one or more of the following conditions:

240.32 (1) peat or other soils with geotechnical deficiencies that impair development of  
240.33 commercial buildings or infrastructure;



241.1 (2) soils or terrain that require substantial filling in order to permit the development of  
241.2 commercial buildings or infrastructure;

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

241.4 (4) quarries or similar resource extraction sites;

241.5 (5) floodway; and

241.6 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
241.7 subdivision 10.

241.8 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
241.9 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
241.10 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
241.11 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
241.12 parcel.

241.13 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
241.14 extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision  
241.15 4, does not apply to any district.

241.16 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
241.17 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
241.18 increments paid by properties in any district, measured over the life of the district, may be  
241.19 expended on activities outside the district but within the project area.

241.20 (f) For a soil deficiency district:

241.21 (1) increments may be collected through 20 years after the receipt by the authority of  
241.22 the first increment from the district;

241.23 (2) increments may be used only to:

241.24 (i) acquire parcels on which the improvements described in item (ii) will occur;

241.25 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
241.26 cost of installing public improvements directly caused by the deficiencies; and

241.27 (iii) pay for the administrative expenses of the authority allocable to the district; and

241.28 (3) any parcel acquired with increments from the district must be sold at no less than  
241.29 their fair market value.

242.1 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
242.2 district but within the project area, are deemed to satisfy the requirements of Minnesota  
242.3 Statutes, section 469.176, subdivision 4j.

242.4 (h) The authority to approve tax increment financing plans to establish tax increment  
242.5 financing districts under this section expires June 30, 2020.

242.6 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use  
242.7 increments from a soil deficiency district to acquire parcels and for other infrastructure costs  
242.8 either inside or outside of the district, but within the project area, if the acquisition or  
242.9 infrastructure is for a qualified development. For purposes of this paragraph, a development  
242.10 is a qualified development only if all of the following requirements are satisfied:

242.11 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken  
242.12 primarily to serve the development;

242.13 (2) the city has a binding, written commitment and adequate financial assurances from  
242.14 the developer that the development will be constructed; and

242.15 (3) the development does not consist of retail trade or housing improvements.

242.16 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
242.17 of the city of Maple Grove and its compliance with the requirements of Minnesota Statutes,  
242.18 section 645.021.

242.19 Sec. 13. **CITY OF ANOKA; GREENS OF ANOKA TIF DISTRICT.**

242.20 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
242.21 city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed  
242.22 to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and  
242.23 the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if  
242.24 the district were certified on that date.

242.25 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
242.26 of the city of Anoka and upon compliance by the city with Minnesota Statutes, section  
242.27 645.021, subdivisions 2 and 3.

242.28 Sec. 14. **CITY OF COON RAPIDS; TIF DISTRICT 6-1; PORT RIVERWALK.**

242.29 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b,  
242.30 or any other law to the contrary, the city of Coon Rapids may collect tax increment from  
242.31 District 6-1 Port Riverwalk through December 31, 2038.

243.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
243.2 of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with  
243.3 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
243.4 subdivision 3.

243.5 **Sec. 15. CITY OF COTTAGE GROVE; TIF DISTRICT 1-12; GATEWAY NORTH.**

243.6 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
243.7 must be undertaken within a five-year period from the date of certification of a tax increment  
243.8 financing district, is considered to be met for Tax Increment Financing District No. 1-12  
243.9 (Gateway North), administered by the Cottage Grove Economic Development Authority,  
243.10 if the activities are undertaken prior to January 1, 2017.

243.11 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical  
243.12 officer of the governing body of the city of Cottage Grove with the requirements of Minnesota  
243.13 Statutes, section 645.021, subdivisions 2 and 3.

243.14 **Sec. 16. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

243.15 Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3,  
243.16 the chief clerical officer of the city of Edina may file with the secretary of state certificate  
243.17 of approval of Laws 2014, chapter 308, article 6, section 8, by December 31, 2017, and, if  
243.18 the certificate is so filed and the requirements of Minnesota Statutes, section 645.021,  
243.19 subdivision 3, are otherwise complied with, the special law is deemed approved, and all  
243.20 actions taken by the city before the effective date of this section in reliance on Laws 2014,  
243.21 chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article  
243.22 6, section 8, and this act.

243.23 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
243.24 local approval as an amendment to the provisions of Laws 2014, chapter 308, article 6,  
243.25 section 8.

243.26 **Sec. 17. CITY OF MOORHEAD; TIF DISTRICT; FIRST AVENUE NORTH.**

243.27 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
243.28 city of Moorhead's 1st Avenue North (Central Corridors) Redevelopment Tax Increment  
243.29 Financing District is deemed to be certified on June 29, 2012, rather than its actual  
243.30 certification date of July 12, 2012, and Minnesota Statutes, section 469.1763, subdivisions  
243.31 3 and 4, apply as if the district were certified on that date.

244.1 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
244.2 of the city of Moorhead and upon compliance by the city with Minnesota Statutes, section  
244.3 645.021, subdivisions 2 and 3.

244.4 Sec. 18. **CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF**  
244.5 **DISTRICT.**

244.6 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law  
244.7 to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and  
244.8 for the city of Richfield may elect to extend the duration limit of the redevelopment tax  
244.9 increment financing district known as the Cedar Avenue Tax Increment Financing District  
244.10 established by Laws 2005, chapter 152, article 2, section 25, by ten years.

244.11 **EFFECTIVE DATE.** This section is effective upon compliance by the city of Richfield,  
244.12 Hennepin County, and Independent School District No. 280 with the requirements of  
244.13 Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.

244.14 Sec. 19. **CITY OF RICHFIELD; LYNDALE GARDENS TIF DISTRICT.**

244.15 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
244.16 must be undertaken within a five-year period from the date of certification of a tax increment  
244.17 financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing  
244.18 District established by the city of Richfield and the housing and redevelopment authority  
244.19 in and for the city of Richfield if the activities are undertaken within eight years from the  
244.20 date of certification.

244.21 **EFFECTIVE DATE.** This act is effective upon the city of Richfield's compliance with  
244.22 the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

244.23 Sec. 20. **CITY OF ROCHESTER; TIF DISTRICT 36; BIOSCIENCE PROJECT.**

244.24 Notwithstanding the provisions of Minnesota Statutes, sections 469.174 and 469.176,  
244.25 the city of Rochester may spend the proceeds from the sale or lease of any property  
244.26 purchased, in whole or part, with tax increments derived from tax increment financing  
244.27 district number 36 (Bioscience Project) for the costs of operating, maintaining, and improving  
244.28 any part of that property, including funding and maintaining reserves for capital or operating  
244.29 expenses and paying debt service on bonds or any obligations issued to finance that property.  
244.30 Following the close of the third calendar year after decertification of the district, none of  
244.31 the proceeds are subject to restrictions that apply to tax increments under Minnesota Statutes,  
244.32 sections 469.174 to 469.1794.

245.1 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
245.2 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (a).

245.3 Sec. 21. **CITY OF SOUTH ST. PAUL; EXTENSION OF TIME TO ADOPT**  
245.4 **INTERFUND LOAN RESOLUTION FOR 4TH AVENUE VILLAGE TIF DISTRICT.**

245.5 Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, the governing body  
245.6 of the South St. Paul Economic Development Authority, successor to the Housing and  
245.7 Redevelopment Authority in and for the city of South St. Paul, may retroactively approve  
245.8 a previously established interfund loan for the 4th Avenue Village Tax Increment District  
245.9 in the city of South St. Paul if the governing body adopts a resolution approving that loan  
245.10 by August 1, 2017, and if the requirements of Minnesota Statutes, section 469.178,  
245.11 subdivision 7, are otherwise complied with, the interfund loan authorization is deemed to  
245.12 satisfy Minnesota Statutes, section 469.178, subdivision 7.

245.13 **EFFECTIVE DATE.** This section is effective without local approval under Minnesota  
245.14 Statutes, section 645.023, subdivision 1, paragraph (a), on the day following final enactment.

245.15 Sec. 22. **CITY OF ST. LOUIS PARK; ELMWOOD VILLAGE TIF DISTRICT.**

245.16 For purposes of the Elmwood Village Tax Increment Financing District in the city of  
245.17 St. Louis Park, including during the duration extension authorized by Laws 2009, chapter  
245.18 88, article 5, section 19, the period under Minnesota Statutes, section 469.1763, subdivision  
245.19 3, is extended through December 31, 2019, and calendar year 2020 is the first year to which  
245.20 Minnesota Statutes, section 469.1763, subdivision 4, applies. In addition, the permitted  
245.21 percentage of increments that may be expended under Minnesota Statutes, section 469.1763,  
245.22 subdivision 2, on activities outside of the district is increased to 45 percent for the district.

245.23 **EFFECTIVE DATE.** This section is effective upon compliance by the governing body  
245.24 of the city of St. Louis Park with the requirements of Minnesota Statutes, section 645.021,  
245.25 subdivision 3.

245.26 Sec. 23. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

245.27 (a) For purposes of computing the duration limits under Minnesota Statutes, section  
245.28 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul  
245.29 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing  
245.30 District. This authority is limited to the first four years of increment or increments derived  
245.31 from taxes payable in 2023, whichever occurs first.

246.1 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of  
246.2 applying any limits based on when the district was certified under Minnesota Statutes,  
246.3 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed  
246.4 to be January 2 of the property tax assessment year for which increment is first received  
246.5 under the waiver.

246.6 **EFFECTIVE DATE.** This section is effective July 1, 2017, without local approval  
246.7 under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

246.8 Sec. 24. **WASHINGTON COUNTY; NEWPORT REDROCK CROSSING PROJECT**  
246.9 **TIF DISTRICT; SPECIAL RULES.**

246.10 (a) If Washington County elects, upon the adoption of a tax increment financing plan  
246.11 for a district, the rules under this section apply to one or more tax increment financing  
246.12 districts established by the county or the community development agency of the county.  
246.13 The area within which the tax increment districts may be created is located in the city of  
246.14 Newport and is south of marked Interstate Highway 494, north of 15th Street extended to  
246.15 the Mississippi River, east of the Mississippi River, and west of marked Trunk Highway  
246.16 61 and the adjacent rights-of-way and shall be referred to as the "Newport Red Rock Crossing  
246.17 Project Area" or "project area."

246.18 (b) The requirements for qualifying a redevelopment district under Minnesota Statutes,  
246.19 section 469.174, subdivision 10, do not apply to the parcels identified by parcel identification  
246.20 numbers: 2602822440051, 260282244050, 260282244049, 260282244048, 2602822440046,  
246.21 2602822440045, 260282244044, 2602822440043, 2602822440026, 2602822440025,  
246.22 260282244024, and 2602822440023, which are deemed substandard for the purpose of  
246.23 qualifying the district as a redevelopment district.

246.24 (c) Increments spent outside a district shall only be spent within the project area and on  
246.25 costs described in Minnesota Statutes, section 469.176, subdivision 4j.

246.26 (d) Notwithstanding anything to the contrary in Minnesota Statutes, section 469.1763,  
246.27 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax  
246.28 increments paid by properties in any district, measured over the life of the district, may be  
246.29 expended on activities outside the district but within the project area. The five-year rule  
246.30 under Minnesota Statutes, section 469.1763, subdivision 3, applies as if the limit is nine  
246.31 years.

246.32 (e) The authority to approve a tax increment financing plan and to establish a tax  
246.33 increment financing district under this section expires December 31, 2027.

247.1 (f) The use of revenues for decertification in Minnesota Statutes, section 469.1763,  
247.2 subdivision 4, does not apply to the project area.

247.3 **EFFECTIVE DATE.** This section is effective and shall retroactively include the  
247.4 redevelopment district in the project area approved by Washington County on November  
247.5 8, 2016, upon approval by the governing body of the city of Newport and Washington  
247.6 County and upon compliance by the county with Minnesota Statutes, section 645.021,  
247.7 subdivision 3.

247.8 **Sec. 25. CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.**

247.9 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
247.10 activities must be undertaken within a five-year period from the date of certification of a  
247.11 tax increment financing district, are considered to be met for Tax Increment Financing  
247.12 District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from  
247.13 the district are expended for any project contemplated by the original tax increment financing  
247.14 plan for the district, including, without limitation, a municipal parking ramp within the  
247.15 district.

247.16 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not  
247.17 apply to the district if the revenues derived from tax increment from the district are expended  
247.18 for any project contemplated by the original tax increment financing plan for the district,  
247.19 including, without limitation, a municipal parking ramp within the district.

247.20 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical  
247.21 officer of the governing body of the city of Wayzata with the requirements of Minnesota  
247.22 Statutes, section 645.021, subdivisions 2 and 3.

247.23

## ARTICLE 9

247.24

### PUBLIC FINANCE

247.25 Section 1. Minnesota Statutes 2016, section 366.095, subdivision 1, is amended to read:

247.26 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
247.27 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
247.28 certificates shall be payable in not more than ten years and be issued on the terms and in  
247.29 the manner as the board may determine, provided that notes issued for projects that eliminate  
247.30 R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more  
247.31 than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the  
247.32 estimated market value of the town, they shall not be issued for at least ten days after

248.1 publication in a newspaper of general circulation in the town of the board's resolution  
248.2 determining to issue them. If within that time, a petition asking for an election on the  
248.3 proposition signed by voters equal to ten percent of the number of voters at the last regular  
248.4 town election is filed with the clerk, the certificates shall not be issued until their issuance  
248.5 has been approved by a majority of the votes cast on the question at a regular or special  
248.6 election. A tax levy shall be made to pay the principal and interest on the certificates as in  
248.7 the case of bonds.

248.8 Sec. 2. Minnesota Statutes 2016, section 383B.117, subdivision 2, is amended to read:

248.9 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
248.10 without public referendum, issue capital notes within existing debt limits for the purpose  
248.11 of purchasing ambulance and other medical equipment, road construction or maintenance  
248.12 equipment, public safety equipment and other capital equipment having an expected useful  
248.13 life at least equal to the term of the notes issued. The notes shall be payable in not more  
248.14 than ten years and shall be issued on terms and in a manner as the board determines, provided  
248.15 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
248.16 (b), clause (2), must be payable in not more than 20 years. The total principal amount of  
248.17 the notes issued for any fiscal year shall not exceed one percent of the total annual budget  
248.18 for that year and shall be issued solely for the purchases authorized in this subdivision. A  
248.19 tax levy shall be made for the payment of the principal and interest on such notes as in the  
248.20 case of bonds. For purposes of this subdivision, "equipment" includes computer hardware  
248.21 and software, whether bundled with machinery or equipment or unbundled. For purposes  
248.22 of this subdivision, the term "medical equipment" includes computer hardware and software  
248.23 and other intellectual property for use in medical diagnosis, medical procedures, research,  
248.24 record keeping, billing, and other hospital applications, together with application development  
248.25 services and training related to the use of the computer hardware and software and other  
248.26 intellectual property, all without regard to their useful life. For purposes of determining the  
248.27 amount of capital notes which the county may issue in any year, the budget of the county  
248.28 and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this  
248.29 subdivision shall be in addition to obligations issuable under section 373.01, subdivision  
248.30 3.

248.31 Sec. 3. Minnesota Statutes 2016, section 410.32, is amended to read:

248.32 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**



249.1 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
249.2 city may, by resolution and without public referendum, issue capital notes subject to the  
249.3 city debt limit to purchase capital equipment.

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

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

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

249.10 (c) The equipment or software must have an expected useful life at least as long as the  
249.11 term of the notes.

249.12 (d) The notes shall be payable in not more than ten years and be issued on terms and in  
249.13 the manner the city determines, provided that notes issued for projects that eliminate R-22,  
249.14 as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than  
249.15 20 years. The total principal amount of the capital notes issued in a fiscal year shall not  
249.16 exceed 0.03 percent of the estimated market value of taxable property in the city for that  
249.17 year.

249.18 (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
249.19 in accordance with section 475.61, as in the case of bonds.

249.20 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
249.21 governing body of the city.

249.22 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
249.23 city may also issue capital notes subject to its debt limit in the manner and subject to the  
249.24 limitations applicable to statutory cities pursuant to section 412.301.

249.25 Sec. 4. Minnesota Statutes 2016, section 412.301, is amended to read:

249.26 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

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

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

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

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

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

250.6 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
250.7 issued on such terms and in such manner as the council may determine, provided, however,  
250.8 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
250.9 (b), clause (2), must be payable in not more than 20 years.

250.10 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
250.11 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
250.12 not be issued for at least ten days after publication in the official newspaper of a council  
250.13 resolution determining to issue them; and if before the end of that time, a petition asking  
250.14 for an election on the proposition signed by voters equal to ten percent of the number of  
250.15 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
250.16 shall not be issued until the proposition of their issuance has been approved by a majority  
250.17 of the votes cast on the question at a regular or special election.

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

250.20 Sec. 5. **[416.17] VOTER APPROVAL REQUIRED; LEASES OF PUBLIC**  
250.21 **BUILDINGS.**

250.22 Subdivision 1. Reverse referendum; certain leases. (a) Before executing a qualified  
250.23 lease, a municipality must publish notice of its intention to execute the lease and the date  
250.24 and time of a hearing to obtain public comment on the matter. The notice must be published  
250.25 in the official newspaper of the municipality or in a newspaper of general circulation in the  
250.26 municipality and must include a statement of the amount of the obligations to be issued by  
250.27 the authority and the maximum amount of annual rent to be paid by the municipality under  
250.28 the qualified lease. The notice must be published at least 14, but not more than 28, days  
250.29 before the date of the hearing.

250.30 (b) A municipality may enter a lease subject to paragraph (a) only upon obtaining the  
250.31 approval of a majority of the voters voting on the question of issuing the obligations, if a  
250.32 petition requesting a vote on the issuance is signed by voters equal to ten percent of the

251.1 votes cast in the municipality in the last state general election and is filed with the county  
251.2 auditor within 30 days after the public hearing.

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

251.5 (b) "Authority" includes any of the following governmental units, the boundaries of  
251.6 which include all or part of the geographic area of the municipality:

251.7 (1) a housing and redevelopment authority, as defined in section 469.002, subdivision  
251.8 2;

251.9 (2) a port authority, as defined in section 469.048;

251.10 (3) an economic development authority, as established under section 469.091; or

251.11 (4) an entity established or exercising powers under a special law with powers similar  
251.12 to those of an entity described in clauses (1) to (3).

251.13 (c) "Municipality" means a statutory or home rule charter city, a county, or a town  
251.14 described in section 368.01, but does not include a city of the first class, however organized,  
251.15 as defined in section 410.01.

251.16 (d) "Qualified lease" means a lease for use of public land, all or part of a public building,  
251.17 or other public facilities consisting of real property for a term of three or more years as a  
251.18 lessee if the property to be leased to the municipality was acquired or improved with the  
251.19 proceeds of obligations, as defined in section 475.51, subdivision 3, issued by an authority.

251.20 Sec. 6. Minnesota Statutes 2016, section 469.101, subdivision 1, is amended to read:

251.21 Subdivision 1. **Establishment.** An economic development authority may create and  
251.22 define the boundaries of economic development districts at any place or places within the  
251.23 city, except that the district boundaries must be contiguous, and may use the powers granted  
251.24 in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a  
251.25 public hearing on the matter. At least ten days before the hearing, the authority shall publish  
251.26 notice of the hearing in a ~~daily~~ newspaper of general circulation in the city. Also, the authority  
251.27 shall find that an economic development district is proper and desirable to establish and  
251.28 develop within the city.

252.1 Sec. 7. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to  
252.2 read:

252.3 Subd. 1u. **Obligations.** In addition to other authority in this section, the council may  
252.4 issue certificates of indebtedness, bonds, or other obligations under this section in an amount  
252.5 not exceeding \$126,000,000 for capital expenditures as prescribed in the council's transit  
252.6 capital improvement program and for related costs, including the costs of issuance and sale  
252.7 of the obligations. Of this authorization, after July 1, 2017, the council may issue certificates  
252.8 of indebtedness, bonds, or other obligations in an amount not exceeding \$82,100,000, and  
252.9 after July 1, 2018, the council may issue certificates of indebtedness, bonds, or other  
252.10 obligations in an additional amount not exceeding \$43,900,000.

252.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
252.12 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

252.13 Sec. 8. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to  
252.14 read:

252.15 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any  
252.16 proceeds from certificates of indebtedness, bonds, or other obligations under this section  
252.17 for project development, land acquisition, or construction to (1) establish a light rail transit  
252.18 line; or (2) expand a light rail transit line, including by extending a line or adding additional  
252.19 stops.

252.20 **EFFECTIVE DATE.** This section applies to the expenditures made after the day  
252.21 following final enactment, but does not apply to amounts expended under binding contracts  
252.22 entered into before March 25, 2017. This section applies in the counties of Anoka, Carver,  
252.23 Dakota, Hennepin, Ramsey, Scott, and Washington.

252.24 Sec. 9. Minnesota Statutes 2016, section 475.60, subdivision 2, is amended to read:

252.25 Subd. 2. **Requirements waived.** The requirements as to public sale shall not apply:

252.26 (1) to obligations issued under the provisions of a home rule charter or of a law  
252.27 specifically authorizing a different method of sale, or authorizing them to be issued in such  
252.28 manner or on such terms and conditions as the governing body may determine;

252.29 (2) to obligations sold by an issuer in an amount not exceeding the total sum of  
252.30 \$1,200,000 in any 12-month period;

253.1 (3) to obligations issued by a governing body other than a school board in anticipation  
 253.2 of the collection of taxes or other revenues appropriated for expenditure in a single year, if  
 253.3 sold in accordance with the most favorable of two or more proposals solicited privately;

253.4 (4) to obligations sold to any board, department, or agency of the United States of  
 253.5 America or of the state of Minnesota, in accordance with rules or regulations promulgated  
 253.6 by such board, department, or agency;

253.7 (5) to obligations issued to fund pension and retirement fund liabilities under section  
 253.8 475.52, subdivision 6, obligations issued with tender options under section 475.54,  
 253.9 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision  
 253.10 13, and any issue of obligations comprised in whole or in part of obligations bearing interest  
 253.11 at a rate or rates which vary periodically referred to in section 475.56;

253.12 (6) to obligations to be issued for a purpose, in a manner, and upon terms and conditions  
 253.13 authorized by law, if the governing body of the municipality, on the advice of bond counsel  
 253.14 or special tax counsel, determines that interest on the obligations cannot be represented to  
 253.15 be excluded from gross income for purposes of federal income taxation;

253.16 (7) to obligations issued in the form of an installment purchase contract, lease purchase  
 253.17 agreement, or other similar agreement;

253.18 (8) to obligations sold under a bond reinvestment program; and

253.19 (9) if the municipality has retained an independent ~~financial advisor~~ municipal adviser,  
 253.20 obligations which the governing body determines shall be sold by private negotiation.

## 253.21 **ARTICLE 10**

### 253.22 **TOBACCO TAXES**

253.23 Section 1. Minnesota Statutes 2016, section 297F.01, subdivision 13a, is amended to read:

253.24 Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is hand-constructed  
 253.25 ~~and hand-rolled~~, has a wrapper that is made entirely from whole tobacco leaf, has a filler  
 253.26 and binder that is made entirely of tobacco, except for adhesives or other materials used to  
 253.27 maintain size, texture, or flavor, and has a wholesale price of no less than \$2.

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

253.29 Sec. 2. Minnesota Statutes 2016, section 297F.05, subdivision 1, is amended to read:

253.30 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this  
 253.31 state, upon having cigarettes in possession in this state with intent to sell, upon any person

254.1 engaged in business as a distributor, and upon the use or storage by consumers, at the rate  
254.2 of ~~14.5~~ 15.2 mills, or ~~14.15~~ 15.2 cents, on each cigarette.

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

254.4 Sec. 3. Minnesota Statutes 2016, section 297F.05, subdivision 3, is amended to read:

254.5 Subd. 3. **Rates; tobacco products.** (a) Except as provided in paragraphs (b) and (c) and  
254.6 subdivision 3a, a tax is imposed upon all tobacco products in this state and upon any person  
254.7 engaged in business as a distributor, at the rate of 95 percent of the wholesale sales price  
254.8 of the tobacco products. The tax is imposed at the time the distributor:

254.9 (1) brings, or causes to be brought, into this state from outside the state tobacco products  
254.10 for sale;

254.11 (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state;

254.12 or

254.13 (3) ships or transports tobacco products to retailers in this state, to be sold by those  
254.14 retailers.

254.15 (b) ~~Notwithstanding paragraph (a),~~ A ~~minimum~~ tax equal to the greater of the tax imposed  
254.16 under paragraph (a) or a minimum tax equal to the rate imposed on a pack of 20 cigarettes  
254.17 weighing not more than three pounds per thousand, as established under subdivision 1, is  
254.18 imposed on each container of moist snuff weighing not more than 1.2 ounces. When more  
254.19 than one container subject to tax under this paragraph is packaged together, each container  
254.20 is subject to the minimum tax.

254.21 (c) Except as provided in paragraph (b), a tax equal to the greater of the tax imposed  
254.22 under paragraph (a) or a minimum tax equal to the rate imposed on a pack of 20 cigarettes  
254.23 weighing not more than three pounds per thousand, as established under subdivision 1,  
254.24 multiplied by the number of ounces of moist snuff in the container, divided by 1.2, is imposed  
254.25 on each container of moist snuff weighing more than 1.2 ounces.

254.26 (d) For purposes of this subdivision, a "container" means the smallest a consumer-size  
254.27 can, package, or other container that is marketed or packaged ~~by the manufacturer, distributor,~~  
254.28 ~~or retailer for separate sale to a retail purchaser. When more than one container is packaged~~  
254.29 ~~together, each container is subject to tax.~~

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

255.1 Sec. 4. Minnesota Statutes 2016, section 297F.05, subdivision 3a, is amended to read:

255.2 Subd. 3a. **Rates; premium cigars.** (a) A tax is imposed upon all premium cigars in this  
255.3 state and upon any person engaged in business as a tobacco product distributor, at the lesser  
255.4 of:

255.5 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

255.6 (2) ~~\$3.50~~ \$0.50 per premium cigar.

255.7 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products  
255.8 distributor:

255.9 (1) brings, or causes to be brought, into this state from outside the state premium cigars  
255.10 for sale;

255.11 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this state;  
255.12 or

255.13 (3) ships or transports premium cigars to retailers in this state, to be sold by those retailers.

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

255.15 Sec. 5. Minnesota Statutes 2016, section 297F.05, subdivision 4a, is amended to read:

255.16 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by  
255.17 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

255.18 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or

255.19 (2) ~~\$3.50~~ \$0.50 per premium cigar.

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

255.21 Sec. 6. **REPEALER.**

255.22 Minnesota Statutes 2016, section 297F.05, subdivision 1a, is repealed.

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

255.24

## ARTICLE 11

255.25

### TAX ADMINISTRATION

255.26 Section 1. **[270C.075] PRIVATE LETTER RULINGS.**

255.27 Subdivision 1. **Program established.** By January 1, 2018, the commissioner shall, by  
255.28 administrative rule adopted under chapter 14, establish and implement a program for issuing

256.1 private letter rulings to taxpayers to provide guidance as to how the commissioner will apply  
256.2 Minnesota tax law to a specific transaction or proposed transaction, arrangement, or other  
256.3 fact situation of the applying taxpayer. The commissioner must include in each ruling an  
256.4 explanation of the reasoning for the determination. In establishing the terms of the program,  
256.5 the commissioner may provide that rulings will not be issued in specified subject areas, for  
256.6 categories of transactions, or under specified provisions of law, if the commissioner  
256.7 determines doing so is in the best interests of the state and sound tax administration. The  
256.8 program must include a process for the representative of a taxpayer to apply for a private  
256.9 letter ruling and to communicate with the commissioner regarding the requested ruling.

256.10 Subd. 2. **Application procedure; fees.** (a) The commissioner shall establish an  
256.11 application procedure and forms for a taxpayer or the taxpayer's appointed representative  
256.12 to request a private letter ruling. The commissioner may require the taxpayer to provide any  
256.13 supporting factual information and certifications that the commissioner determines necessary  
256.14 or appropriate to issue a private letter ruling. The requirements may vary based on the type  
256.15 of ruling requested.

256.16 (b) The commissioner may, in the administrative rule, establish a fee schedule to recover  
256.17 the department's actual cost of preparing private letter rulings. The maximum fee per private  
256.18 letter ruling is \$1,000. The commissioner may require the applicant to pay the required fee  
256.19 for a private letter ruling before the application is considered. If the administrative rule  
256.20 provides for payment of a fee as a condition for providing a private letter ruling, the rule  
256.21 must provide a fee structure that varies the amount of the fee by the complexity of the request  
256.22 or the number and type of issues or both.

256.23 (c) If the commissioner fails to issue a ruling to the taxpayer within 90 days after the  
256.24 taxpayer's filing of a completed application, the commissioner must refund the application  
256.25 fee to the taxpayer; however, the commissioner must issue a private letter ruling unless the  
256.26 taxpayer withdraws the request.

256.27 (d) Any fees collected under this section must be deposited in the Revenue Department  
256.28 service and recovery special revenue fund established under section 270C.15, and are  
256.29 appropriated to the commissioner to offset the cost of issuing private letter rulings and  
256.30 related administrative costs.

256.31 Subd. 3. **Effect.** (a) A private letter ruling is binding on the commissioner with respect  
256.32 to the taxpayer to whom the ruling is issued if:

256.33 (1) there was no misstatement or omission of material facts in the application or other  
256.34 information provided to the commissioner;



257.1 (2) the facts that subsequently developed were not materially different from the facts  
257.2 upon which the ruling was based;

257.3 (3) the applicable statute, administrative rule, federal law referenced by state law, or  
257.4 other relevant law has not changed; and

257.5 (4) the taxpayer acted in good faith in applying for and relying on the ruling.

257.6 (b) Private letter rulings have no precedential effect and may not be relied upon by a  
257.7 taxpayer other than as provided in paragraph (a).

257.8 Subd. 4. **Public access.** The commissioner shall make private letter rulings issued under  
257.9 this section available to the public on the department's Web site. The commissioner must  
257.10 organize the private letter rulings by tax type and must make them available in a searchable  
257.11 format. The published rulings must redact any information that would permit identification  
257.12 of the requesting taxpayer.

257.13 Subd. 5. **Legislative report.** (a) By January 31 of each odd-numbered year, the  
257.14 commissioner shall report in writing to the legislature the following information for the  
257.15 immediately preceding two calendar years:

257.16 (1) the number of applications for private letter rulings;

257.17 (2) the number of private letter rulings issued, including the number issued within the  
257.18 90-day time period under subdivision 2, paragraph (c);

257.19 (3) the amount of application fees refunded by tax type;

257.20 (4) the tax types for which rulings were requested;

257.21 (5) the types and characteristics of taxpayers applying for rulings; and

257.22 (6) any other information that the commissioner considers relevant to legislative oversight  
257.23 of the private letter ruling program.

257.24 (b) The report must be filed as provided in section 3.195, and copies must be provided  
257.25 to the chairs and ranking minority members of the committees of the house of representatives  
257.26 and the senate with jurisdiction over taxes and appropriations to the Department of Revenue.

257.27 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
257.28 that the first legislative report under subdivision 5 is due January 31, 2020.

258.1 Sec. 2. Minnesota Statutes 2016, section 270C.31, is amended by adding a subdivision to  
258.2 read:

258.3 Subd. 8. **Authority to request dual examination.** (a) A qualified taxpayer that is subject  
258.4 to an on-site examination or audit under this section of the amount of tax due under chapter  
258.5 290 or 297A may request in writing that the commissioner conduct the examination or audit  
258.6 of the taxpayer's tax due under both chapters at the same time. The request must be made  
258.7 within 30 days of the receipt of the commissioner's notice of intent to conduct the on-site  
258.8 audit or examination in the form prescribed by the commissioner. If a qualified taxpayer  
258.9 files a timely written request under this subdivision and the commissioner elects to audit or  
258.10 examine the tax due under only one of the two chapters, the commissioner may not audit  
258.11 or examine the tax due under the other chapter for each taxable year or period that includes  
258.12 the taxable year or the period covered by the audit or examination that was conducted.

258.13 (b) For purposes of this subdivision, "qualified taxpayer" means a taxpayer that meets  
258.14 each of the following requirements:

258.15 (1) the taxpayer has been issued a permit to collect tax under section 297A.84;

258.16 (2) the gross receipts of the taxpayer, as reported on the return filed under chapter 290  
258.17 for the most recent taxable year, is no more than \$150,000. In applying this clause to a  
258.18 taxpayer that is a member of a unitary business, as defined in section 290.17, gross receipts  
258.19 include the gross receipts of all members of the unitary business; and

258.20 (3) the commissioner audited or examined the taxpayer's return filed under chapter 290  
258.21 or 297A or both for a period that ended no more than five years prior to the taxable year or  
258.22 the period for which the qualified taxpayer made the request under this subdivision, and the  
258.23 commissioner determined that no more than the greater of (1) \$1,000 or (2) five percent of  
258.24 the liability for tax in additional tax was owed by the taxpayer as a result of the audit or  
258.25 examination.

258.26 **EFFECTIVE DATE.** This section is effective for examinations and audits commenced  
258.27 after June 30, 2017.

258.28 Sec. 3. Minnesota Statutes 2016, section 270C.33, is amended by adding a subdivision to  
258.29 read:

258.30 Subd. 4a. **Limitations; sales taxes.** (a) The provisions of this subdivision are a limitation  
258.31 on the assessment authority of the commissioner under this section.

258.32 (b) The commissioner must not assess additional tax under chapter 297A if each of the  
258.33 following requirements are met:

259.1 (1) the tax reported by the taxpayer is consistent with and based on past reporting or  
259.2 other practices of the taxpayer that were fully disclosed to the commissioner and were  
259.3 specifically reviewed by the commissioner, including by issuing an audit assessing no  
259.4 additional tax liability with respect to that item for a prior taxable period; and

259.5 (2) effective for a taxable period beginning after the period covered by clause (1), neither  
259.6 the statute or administrative rule on which the reporting or other practice is based has been  
259.7 materially changed, nor has the commissioner issued a revenue notice or directly notified  
259.8 the taxpayer in writing of a change in the commissioner's position as to the proper reporting  
259.9 or other treatment of the relevant transaction or other item.

259.10 (c) For an audit of a prior taxable period by the commissioner, paragraph (b), clause (1),  
259.11 applies only to issues within the scope of and specifically addressed by the audit.

259.12 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
259.13 2017.

259.14 Sec. 4. Minnesota Statutes 2016, section 270C.33, is amended by adding a subdivision to  
259.15 read:

259.16 **Subd. 4b. Limit on assessments; reasonable cause for failure to collect or withhold.**

259.17 (a) An assessment issued under subdivision 4 is reduced or eliminated to the extent that the  
259.18 amount that would otherwise be assessed arose from the taxpayer's failure to collect or  
259.19 withhold a tax from another individual or entity and the taxpayer had reasonable cause for  
259.20 not collecting or withholding the tax. A taxpayer may raise this ground for prohibition of  
259.21 an assessment during an audit, upon appeal from an assessment, or by refund claim following  
259.22 payment of the assessment.

259.23 (b) For purposes of this subdivision and section 270C.35, subdivision 4:

259.24 (1) ignorance of the law is not reasonable cause;

259.25 (2) lack of clarity as to whether the law requires collection or withholding under the  
259.26 circumstances may be reasonable cause; and

259.27 (3) failure to collect or withhold in accordance with prior written advice from the  
259.28 commissioner on the specific question of the requirement to collect or withhold under the  
259.29 same or similar circumstances that has not been superseded or preempted by a change in  
259.30 statute or administrative rule or a subsequent written notice from the commissioner to the  
259.31 taxpayer prior to commencement of the period for which the failure to collect or withhold  
259.32 occurred is reasonable cause.

260.1 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
260.2 2017.

260.3 Sec. 5. Minnesota Statutes 2016, section 270C.34, subdivision 1, is amended to read:

260.4 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any penalty  
260.5 or interest that is imposed by a law administered by the commissioner, or imposed by section  
260.6 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late payment of  
260.7 tax or late filing of a return, or any part of an additional tax charge under section 289A.25,  
260.8 subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure to  
260.9 timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially  
260.10 declared disaster or in a presidentially declared state of emergency area or in an area declared  
260.11 to be in a state of emergency by the governor under section 12.31.

260.12 (b) The commissioner shall abate any part of a penalty or additional tax charge under  
260.13 section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice  
260.14 given to the taxpayer in writing by an employee of the department acting in an official  
260.15 capacity, if the advice:

260.16 (1) was reasonably relied on and was in response to a specific written request of the  
260.17 taxpayer; and

260.18 (2) was not the result of failure by the taxpayer to provide adequate or accurate  
260.19 information.

260.20 (c) In addition to the authority under paragraphs (a) and (b), the commissioner may  
260.21 decline to impose or may abate any penalty under section 289A.60 or other law, or an  
260.22 additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4.

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

260.24 Sec. 6. Minnesota Statutes 2016, section 270C.35, subdivision 4, is amended to read:

260.25 Subd. 4. **Time and content for administrative appeal.** Within 60 days after the notice  
260.26 date, the taxpayer must file a written appeal with the commissioner. The appeal need not  
260.27 be in any particular form but must contain the following information:

260.28 (1) name and address of the taxpayer;

260.29 (2) if a corporation, the state of incorporation of the taxpayer, and the principal place of  
260.30 business of the corporation;

260.31 (3) the Minnesota identification number or Social Security number of the taxpayer;

- 261.1 (4) the type of tax involved;
- 261.2 (5) the date;
- 261.3 (6) the tax years or periods involved and the amount of tax involved for each year or  
261.4 period;
- 261.5 (7) the findings in the notice that the taxpayer disputes;
- 261.6 (8) for a request to reduce or eliminate an assessment under section 270C.33, subdivision  
261.7 4b, a statement of the taxpayer's grounds, along with a brief statement of the supporting  
261.8 facts, for the assertion of reasonable cause for the failure to collect or withhold tax from  
261.9 another individual or entity;
- 261.10 (9) a summary statement that the taxpayer relies on for each exception; and
- 261.11 ~~(9)~~ (10) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

261.12 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
261.13 2017.

261.14 Sec. 7. Minnesota Statutes 2016, section 271.06, subdivision 2a, is amended to read:

261.15 Subd. 2a. **Timely mailing treated as timely filing.** (a) If, after the period prescribed by  
261.16 subdivision 2, the original notice of appeal, proof of service upon the commissioner, and  
261.17 filing fee are delivered by United States mail to the Tax Court administrator or the court  
261.18 administrator of district court acting as court administrator of the Tax Court, then the date  
261.19 of filing is the date of the United States postmark stamped on the envelope or other  
261.20 appropriate wrapper in which the notice of appeal, proof of service upon the commissioner,  
261.21 and filing fee are mailed.

261.22 (b) This subdivision applies only if the postmark date falls within the period prescribed  
261.23 by subdivision 2 and the original notice of appeal, proof of service upon the commissioner,  
261.24 and filing fee are, within the time prescribed by subdivision 2, deposited in the mail in the  
261.25 United States in an envelope or other appropriate wrapper, postage prepaid, properly  
261.26 addressed to the Tax Court administrator or the court administrator of district court acting  
261.27 as court administrator of the Tax Court.

261.28 (c) Only the postmark of the United States Postal Service qualifies as proof of timely  
261.29 mailing under this subdivision. Private postage meters do not qualify as proof of timely  
261.30 filing under this subdivision. If the original notice of appeal, proof of service upon the  
261.31 commissioner, and filing fee are sent by United States registered mail, the date of registration  
261.32 is the postmark date. If the original notice of appeal, proof of service upon the commissioner,

262.1 and filing fee are sent by United States certified mail and the sender's receipt is postmarked  
262.2 by the postal employee to whom the envelope containing the original notice of appeal, proof  
262.3 of service upon the commissioner, and filing fee is presented, the date of the United States  
262.4 postmark on the receipt is the postmark date. If the envelope or other wrapper in which the  
262.5 notice of appeal, proof of service upon the commissioner, and filing fee are mailed does  
262.6 not contain a postmark of the United States Postal Service but is delivered by United States  
262.7 mail to the Tax Court administrator or the court administrator of the district court acting as  
262.8 court administrator of the Tax Court, then the date of mailing qualifies as timely filed under  
262.9 this subdivision, if proof of mailing within the time prescribed by subdivision 2 is provided  
262.10 by affidavit of the petitioner or counsel.

262.11 (d) A reference in this section to the United States mail must be treated as including a  
262.12 reference to any designated delivery service and a reference in this section to a postmark  
262.13 by the United States Postal Service must be treated as including a reference to any date  
262.14 recorded or marked by any designated delivery service in accordance with section 7502(f)  
262.15 of the Internal Revenue Code.

262.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
262.17 applies to notices mailed after June 30, 2017.

262.18 Sec. 8. Minnesota Statutes 2016, section 271.06, subdivision 6, is amended to read:

262.19 Subd. 6. **Hearings; determination of issues; default.** (a) The Tax Court shall hear,  
262.20 consider, and determine without a jury every appeal de novo. A Tax Court judge may  
262.21 empanel an advisory jury upon the judge's motion. The Tax Court shall hold a public hearing  
262.22 in every case. All such parties shall have an opportunity to offer evidence and arguments  
262.23 at the hearing; provided, that the order of the commissioner or the appropriate unit of  
262.24 government in every case shall be prima facie valid. When an appeal to the Tax Court has  
262.25 been taken from an order or determination of the commissioner or from the appropriate unit  
262.26 of government, the proceeding shall be an original proceeding in the nature of a suit to set  
262.27 aside or modify the order or determination. In case no appellant shall appear the Tax Court  
262.28 shall enter its order affirming the order of the commissioner of revenue or the appropriate  
262.29 unit of government from which the appeal was taken. If the Department of Revenue's sales  
262.30 ratio study is introduced in Tax Court as evidence, the sales ratio data from the study shall  
262.31 be admissible as evidence only as provided in section 278.05, subdivision 4.

262.32 (b) The commissioner, the taxpayer, and any other party to an appeal to the Tax Court  
262.33 may file all necessary notices, documents, and other necessary information with the Tax  
262.34 Court in a manner approved by the Tax Court.

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

263.2 Sec. 9. Minnesota Statutes 2016, section 271.08, subdivision 1, is amended to read:

263.3 Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division, shall  
263.4 determine every appeal by written order containing findings of fact and the decision of the  
263.5 Tax Court. A memorandum of the grounds of the decision shall be appended. Notice of the  
263.6 entry of the order and of the substance of the decision shall be mailed to all parties. A motion  
263.7 for rehearing, which includes a motion for amended findings of fact, conclusions of law,  
263.8 or a new trial, must be served by the moving party within ~~15~~ 30 days after mailing of the  
263.9 notice by the court as specified in this subdivision, and the motion must be heard within 30  
263.10 days thereafter, unless the time for hearing is extended by the court within the 30-day period  
263.11 for good cause shown.

263.12 **EFFECTIVE DATE.** This section is effective for petitions and appeals filed after June  
263.13 30, 2017.

263.14 Sec. 10. Minnesota Statutes 2016, section 271.18, is amended to read:

263.15 **271.18 EX-JUDGES NOT TO REPRESENT CLIENTS; EXCEPTION;**  
263.16 **VIOLATION.**

263.17 No judge or employee of the Tax Court, except referees appointed for the Small Claims  
263.18 Division, shall, within one year after the office or employment has terminated, act as counsel,  
263.19 attorney, or agent for a taxpayer in connection with any claim or proceeding pending in the  
263.20 department of revenue or in the Tax Court at the time of termination. No judge, referee, or  
263.21 employee shall, at any time after the termination of the office or employment, act as counsel,  
263.22 attorney, or agent in connection with any claim or proceeding of which the person terminated  
263.23 has knowledge which was acquired in the course of a term of office or employment in the  
263.24 Tax Court. Any violation of the provisions of this section shall be a gross misdemeanor.

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

263.26 Sec. 11. Minnesota Statutes 2016, section 289A.40, subdivision 1, is amended to read:

263.27 Subdivision 1. **Time limit; generally.** (a) Unless otherwise provided in this chapter, a  
263.28 claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the  
263.29 date prescribed for filing the return, plus any extension of time granted for filing the return,  
263.30 but only if filed within the extended time, or ~~one year from the date of an order assessing~~  
263.31 ~~tax under section 270C.33 or an order determining an appeal under section 270C.35,~~  
263.32 ~~subdivision 8, or one year from the date of a return made by the commissioner under section~~

264.1 ~~270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on~~  
264.2 ~~the order or return made by the commissioner two years from the time the tax was paid,~~  
264.3 ~~whichever period expires later. Claims for refund, except for taxes under chapter 297A,~~  
264.4 ~~filed after the 3-1/2 year period but within the one-year period are limited to the amount of~~  
264.5 ~~the tax, penalties, and interest on the order or return made by the commissioner and to issues~~  
264.6 ~~determined by the order or return made by the commissioner.~~

264.7 ~~In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund~~  
264.8 ~~under chapter 297A filed after the 3-1/2 year period but within the one-year period are~~  
264.9 ~~limited to the amount of the tax, penalties, and interest on the order or return made by the~~  
264.10 ~~commissioner that are due for the period before the 3-1/2 year period.~~

264.11 (b) For refunds due on a report required to be filed under section 289A.38, subdivision  
264.12 7, the period under paragraph (a) is extended to the due date for the report required by  
264.13 section 289A.38, subdivision 7.

264.14 **EFFECTIVE DATE.** This section is effective for claims for refund filed after the day  
264.15 following final enactment.

264.16 Sec. 12. Minnesota Statutes 2016, section 289A.60, subdivision 1, is amended to read:

264.17 Subdivision 1. **Penalty for failure to pay tax.** (a) If a corporate franchise, fiduciary  
264.18 income, mining company, estate, partnership, S corporation, or nonresident entertainer tax  
264.19 is not paid within the time specified for payment, a penalty of six percent is added to the  
264.20 unpaid tax, except that if a corporation or mining company meets the requirements of section  
264.21 289A.19, subdivision 2, the penalty is not imposed.

264.22 (b) For the taxes listed in paragraph (a), in addition to the penalty in that paragraph,  
264.23 whether imposed or not, if a return or amended return is filed after the due date, without  
264.24 regard to extensions, and any tax reported as remaining due is not remitted with the return  
264.25 or amended return, a penalty of five percent of the tax not paid is added to the tax. If the  
264.26 commissioner issues an order assessing additional tax for a tax listed in paragraph (a), and  
264.27 the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60  
264.28 days after final resolution of the appeal, a penalty of five percent of the unpaid tax is added  
264.29 to the tax.

264.30 (c) If an individual income tax is not paid within the time specified for payment, a penalty  
264.31 of four percent is added to the unpaid tax. There is a presumption of reasonable cause for  
264.32 the late payment if the individual: (i) pays by the due date of the return at least 90 percent  
264.33 of the amount of tax, after credits other than withholding and estimated payments, shown



265.1 owing on the return; (ii) files the return within six months after the due date; and (iii) pays  
265.2 the remaining balance of the reported tax when the return is filed.

265.3 (d) If the commissioner issues an order assessing additional individual income tax, and  
265.4 the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60  
265.5 days after final resolution of the appeal, a penalty of four percent of the unpaid tax is added  
265.6 to the tax.

265.7 (e) If a withholding or sales or use tax is not paid within the time specified for payment,  
265.8 a penalty must be added to the amount required to be shown as tax. The penalty is five  
265.9 percent of the tax not paid on or before the date specified for payment of the tax if the failure  
265.10 is for not more than 30 days, with an additional penalty of five percent of the amount of tax  
265.11 remaining unpaid during each additional 30 days or fraction of 30 days during which the  
265.12 failure continues, not exceeding 15 percent in the aggregate.

265.13 (f) No penalty applies under this section if:

265.14 (1) the total calculated penalty that would otherwise apply under paragraphs (a) to (e)  
265.15 is less than \$150; or

265.16 (2) for an underpayment of individual income tax under chapter 290 or sales tax under  
265.17 chapter 297A, the liability for tax on which the penalty is calculated is less than \$1,000 and  
265.18 the taxpayer timely filed any returns required to be filed during the prior three calendar  
265.19 years and was not subject to a penalty under this section, determined without regard to the  
265.20 provisions of this paragraph, for any taxes on returns due during that three-year period.

265.21 **EFFECTIVE DATE.** This section is effective for penalties imposed after January 1,  
265.22 2019.

## 265.23 **ARTICLE 12**

### 265.24 **MISCELLANEOUS**

265.25 Section 1. **[16A.1246] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

265.26 (a) Except as provided in paragraph (b), no appropriation or other state money, whether  
265.27 in the general or another fund, must be expended or used for any costs related to studying  
265.28 the feasibility of, planning for, designing, engineering, acquiring property or constructing  
265.29 facilities for or related to, or development or operation of intercity or interregional passenger  
265.30 rail facilities or operations between the city of Rochester or locations in its metropolitan  
265.31 area and any location in the metropolitan area, as defined in section 473.121, subdivision  
265.32 2.

266.1 (b) The restrictions under this section do not apply to funds obtained from contributions,  
266.2 grants, or other voluntary payments made by nongovernmental entities from private sources.

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

266.4 **Sec. 2. [16B.2965] PROPERTY LEASED FOR RAIL PROJECTS.**

266.5 (a) If a state official leases, loans, or otherwise makes available state lands, air rights,  
266.6 or any other state property for use in connection with passenger rail facilities, as described  
266.7 in section 16A.1246, the lease or other agreement must include or be secured by a security  
266.8 bond or equivalent guarantee that allows the state to recover any costs it incurs in connection  
266.9 with the rail project from a responsible third party or secure source of capital, if the passenger  
266.10 rail facilities are not constructed, do not go into operation, or are abandoned, whether or  
266.11 not the facilities began operations. The security bond or equivalent guarantee must remain  
266.12 in place for the term of lease, loan, or other agreement that makes state property available  
266.13 for use by the project. These costs include restoring state property to its original condition.

266.14 (b) For purposes of this section, "state official" includes the commissioner, the  
266.15 commissioner of transportation, or any other state official with authority to enter a lease or  
266.16 other agreement providing for use by a nonstate entity of state property.

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

266.18 **Sec. 3. [117.028] CONDEMNATION FOR CERTAIN RAIL FACILITIES**  
266.19 **PROHIBITED.**

266.20 Notwithstanding section 222.27 or any other law to the contrary, no condemning authority  
266.21 may take property for the development or construction of or for facilities related to intercity  
266.22 or interregional passenger rail facilities or operations between the city of Rochester or  
266.23 locations in its metropolitan area and any location in the metropolitan area, as defined in  
266.24 section 473.121, subdivision 2.

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

266.26 **Sec. 4. Minnesota Statutes 2016, section 216B.36, is amended to read:**

266.27 **216B.36 MUNICIPAL REGULATORY AND TAXING POWERS.**

266.28 Subdivision 1. **Municipal authority to regulate public utilities.** Any public utility  
266.29 furnishing the utility services enumerated in section 216B.02 or occupying streets, highways,  
266.30 or other public property within a municipality may be required to obtain a license, permit,  
266.31 right, or franchise in accordance with the terms, conditions, and limitations of regulatory

267.1 acts of the municipality, including the placing of distribution lines and facilities underground.  
267.2 Under the license, permit, right, or franchise, the utility may be obligated by any municipality  
267.3 to pay to the municipality fees to raise revenue or defray increased municipal costs accruing  
267.4 as a result of utility operations, or both. A fee that raises revenue under a license, permit,  
267.5 right, or franchise agreement entered into or renewed on or after August 1, 2017, is subject  
267.6 to the requirements of subdivision 2. The fee may include but is not limited to a sum of  
267.7 money based upon gross operating revenues or gross earnings from its operations in the  
267.8 municipality so long as the public utility shall continue to operate in the municipality, unless  
267.9 upon request of the public utility it is expressly released from the obligation at any time by  
267.10 such municipality. Notwithstanding the definition of "public utility" in section 216B.02,  
267.11 subdivision 4, a municipality may require payment of a fee under this section by a cooperative  
267.12 electric association organized under chapter 308A that furnishes utility services within the  
267.13 municipality. All existing licenses, permits, franchises, and other rights acquired by any  
267.14 public utility or municipality prior to April 11, 1974, including the payment of existing  
267.15 franchise fees, shall not be impaired or affected in any respect by the passage of this chapter,  
267.16 except with respect to matters of rate and service regulation, service area assignments,  
267.17 securities, and indebtedness that are vested in the jurisdiction of the commission by this  
267.18 chapter. However, in the event that a court of competent jurisdiction determines, or the  
267.19 parties by mutual agreement determine, that an existing license, permit, franchise, or other  
267.20 right has been abrogated or impaired by this chapter, or its execution, the municipality  
267.21 affected shall impose and the public utility shall collect an excise tax on the utility charges  
267.22 which from year to year yields an amount which is reasonably equivalent to that amount of  
267.23 revenue which then would be due as a fee, charges or other thing or service of value to the  
267.24 municipality under the franchise, license, or permit. The authorization shall be over and  
267.25 above taxing limitations including, but not limited to, those of section 477A.016. Franchises  
267.26 granted pursuant to this section shall be exempt from the provisions of chapter 80C. For  
267.27 purposes of this section, a public utility shall include a cooperative electric association.

267.28 Subd. 2. **Five-year renewal; reverse referendum.** (a) A municipality may impose a  
267.29 fee under subdivision 1 to raise revenue beyond what is needed to defray increased municipal  
267.30 costs due to utility operations for up to a five-year period, following the procedures in this  
267.31 subdivision.

267.32 (b) The municipality must include in its ordinance or license, permit, or franchise  
267.33 agreement with the public utility what constitutes a cost to the city.

268.1 (c) The municipality must identify in its ordinance or license, permit, or franchise  
268.2 agreement the uses of the portion of the fee that is for purposes other than to defray city  
268.3 costs. The municipality must publish a notice that explains:

268.4 (1) the fee and its intended uses;

268.5 (2) that the public utility is likely to pass the fee on to customers and how much that  
268.6 may increase customers' utility bills;

268.7 (3) that alternatives to the revenue-raising portion of the fee are to raise the revenue  
268.8 from another source available to the municipality or forego planned uses of the revenue;  
268.9 and

268.10 (4) what revenue raised from another source will cost those paying it.

268.11 The notice must be published at least once each week for two consecutive weeks in the  
268.12 official publication of the municipality and must remain posted on the municipality's Web  
268.13 site throughout the notice period. The notice must also be sent to all affected ratepayers by  
268.14 either first class mail by the municipality or by including the notice in the affected ratepayers'  
268.15 billings.

268.16 (d) Following publication and before imposing the fee, the municipality must provide  
268.17 an opportunity at its next regular meeting for public comment relating to the issue. No  
268.18 sooner than 90 days after the public comment opportunity, the municipality may proceed  
268.19 with imposing the fee, unless a petition is filed as provided in paragraph (e).

268.20 (e) Within 90 days after the meeting held by the municipality at which public comment  
268.21 was accepted, a petition requesting a referendum may be filed with the chief clerical officer  
268.22 of the municipality. The petition must be signed by at least five percent of the registered  
268.23 voters in the municipality. The petition must meet the requirements of the secretary of state,  
268.24 as provided in section 204B.071, and any rules adopted to implement that section. If the  
268.25 petition is sufficient, the question of whether the municipality may impose a fee that raises  
268.26 revenue as provided in subdivision 1 must be placed on the ballot at the next general election.  
268.27 If a majority of the voters voting on the question votes in favor of using the fee to raise  
268.28 revenue, the municipality may proceed with imposing the fee.

268.29 (f) If a license, permit, right, or franchise agreement is entered into or renewed before  
268.30 August 1, 2017, and by its terms and the ordinance authorizing it, will be in effect after  
268.31 August 1, 2022, the municipality must follow the procedures in this subdivision to provide  
268.32 notice, a public hearing, and opportunity for a petition for a referendum by August 1, 2022.

269.1 (g) Except as provided in paragraph (f), this subdivision applies to a license, permit,  
269.2 right, or franchise agreement entered into or renewed on or after August 1, 2017.

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

269.4 Sec. 5. **[222.271] PASSENGER RAIL PROJECTS; ENVIRONMENTAL**  
269.5 **INSURANCE REQUIRED.**

269.6 Subdivision 1. **Scope.** (a) This section applies to any person that seeks a federal or state  
269.7 permit or other formal legal authorization to construct or operate a passenger rail project  
269.8 with an estimated capital cost exceeding \$1,000,000,000.

269.9 (b) This section does not apply to a person whose only action within the scope of  
269.10 paragraph (a) is an application for a building permit.

269.11 Subd. 2. **Definitions.** (a) For purposes of this section, unless the context clearly indicates  
269.12 otherwise, the following definitions apply.

269.13 (b) "Commissioner" means the commissioner of the Pollution Control Agency.

269.14 (c) "Insurance" means a commercial insurance policy, a security bond, or an equivalent  
269.15 guarantee that provides assurance of the project's ability to pay claims for any liability under  
269.16 chapter 115B or similar provisions of common law or federal law resulting from construction  
269.17 or operation of the passenger rail project.

269.18 (d) "Passenger rail project" or "project" means a railroad or a line or lines of a railway  
269.19 located within or partly within Minnesota intended to provide passenger service, regardless  
269.20 of whether freight service is also provided, by a common carrier other than a federal or state  
269.21 government unit, a political subdivision of the state, or the National Railroad Passenger  
269.22 Corporation created under the Rail Passenger Service Act of 1970, Public Law 91-518.

269.23 (e) "Person" includes a corporation, limited liability company, partnership, other entity,  
269.24 or an individual.

269.25 Subd. 3. **Environmental insurance required.** (a) Any person subject to this section  
269.26 must obtain and maintain insurance that is adequate to cover potential claims and meets the  
269.27 other requirements of this section, as approved by the commissioner under paragraph (b).  
269.28 The insurance must not contain dollar limits on liability, or if it does contain a dollar limit  
269.29 the limit must be not less than a reasonable estimate of the potential exposure of the project  
269.30 for environmental remediation or impairment damages. Any dollar limit must be adjusted  
269.31 if the scope, size, or cost of the project increases materially. The insurance must cover any  
269.32 liability incurred during and after the construction and operation of the project and must

270.1 not contain exclusions, limitations, or other restrictions that are not standard in comprehensive  
270.2 environmental remediation insurance or in environmental impairment insurance, as  
270.3 applicable.

270.4 (b) In order to satisfy the requirements of this section, the commissioner must determine  
270.5 that the insurance is adequate and that it meets the other requirements of this section. The  
270.6 commissioner may require that the project provide any supporting documentation to  
270.7 determine that insurance is adequate and meets the other requirements of this section and  
270.8 that the project has the financial ability to maintain insurance during the project's operations.

270.9 **EFFECTIVE DATE.** This section is effective for passenger rail projects for which  
270.10 application for a permit or other formal legal authorization to construct is made after the  
270.11 day following final enactment.

270.12 Sec. 6. Minnesota Statutes 2016, section 270A.03, subdivision 7, is amended to read:

270.13 Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political~~  
270.14 ~~contribution refund~~, pursuant to chapter 290, ~~or~~ a property tax credit or refund, pursuant to  
270.15 chapter 290A, or a sustainable forest payment to a claimant under chapter 290C.

270.16 For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision  
270.17 8, and amounts granted to persons by the legislature on the recommendation of the joint  
270.18 senate-house of representatives Subcommittee on Claims shall be treated as refunds.

270.19 In the case of a joint property tax refund payable to spouses under chapter 290A, the  
270.20 refund shall be considered as belonging to each spouse in the proportion of the total refund  
270.21 that equals each spouse's proportion of the total income determined under section 290A.03,  
270.22 subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall  
270.23 be considered as belonging to each spouse in the proportion of the total refund that equals  
270.24 each spouse's proportion of the total taxable income determined under section 290.01,  
270.25 subdivision 29. The commissioner shall remit the entire refund to the claimant agency,  
270.26 which shall, upon the request of the spouse who does not owe the debt, determine the amount  
270.27 of the refund belonging to that spouse and refund the amount to that spouse. For court fines,  
270.28 fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2,  
270.29 the notice provided by the commissioner of revenue under section 270A.07, subdivision 2,  
270.30 paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the  
270.31 debt.

270.32 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
270.33 based on contributions made on or after July 1, 2017.

271.1 Sec. 7. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

271.2 Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by  
271.3 March 1 of each odd-numbered year on the overall incidence of the income tax, sales and  
271.4 excise taxes, and property tax. The report shall present information on the distribution of  
271.5 the tax burden as follows: (1) for the overall income distribution, using a systemwide  
271.6 incidence measure such as the Suits index or other appropriate measures of equality and  
271.7 inequality; (2) by income classes, including at a minimum deciles of the income distribution;  
271.8 and (3) by other appropriate taxpayer characteristics. The report must also include information  
271.9 on the distribution of the burden of federal taxes borne by Minnesota residents.

271.10 Sec. 8. Minnesota Statutes 2016, section 287.08, is amended to read:

271.11 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

271.12 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any  
271.13 county in this state in which the real property or some part is located at or before the time  
271.14 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and  
271.15 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes  
271.16 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall  
271.17 be "registration tax hereon of ..... dollars paid." If the mortgage is exempt from  
271.18 taxation the endorsement shall, in substance, be "exempt from registration tax." In either  
271.19 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine  
271.20 whether a claim of exemption should be allowed, the tax must be paid as in the case of a  
271.21 taxable mortgage. For documents submitted electronically, the endorsements and tax amount  
271.22 shall be affixed electronically and no signature by the treasurer will be required. The actual  
271.23 payment method must be arranged in advance between the submitter and the receiving  
271.24 county.

271.25 (b) The county treasurer may refund in whole or in part any mortgage registry tax  
271.26 overpayment if a written application by the taxpayer is submitted to the county treasurer  
271.27 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial  
271.28 of the application, the taxpayer may bring an action in Tax Court in the county in which  
271.29 the tax was paid at any time after the expiration of six months from the time that the  
271.30 application was submitted. A denial of refund may be appealed within 60 days from the  
271.31 date of the denial by bringing an action in Tax Court in the county in which the tax was  
271.32 paid. The action is commenced by the serving of a petition for relief on the county treasurer,  
271.33 and by filing a copy with the court. The county attorney shall defend the action. The county

272.1 treasurer shall notify the treasurer of each county that has or would receive a portion of the  
272.2 tax as paid.

272.3 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered  
272.4 by the court, the county treasurer of each county that actually received a portion of the tax  
272.5 shall immediately pay a proportionate share of three percent of the refund using any available  
272.6 county funds. The county treasurer of each county that received, or would have received,  
272.7 a portion of the tax shall also pay their county's proportionate share of the remaining 97  
272.8 percent of the court-ordered refund on or before the 20th day of the following month using  
272.9 solely the mortgage registry tax funds that would be paid to the commissioner of revenue  
272.10 on that date under section 287.12. If the funds on hand under this procedure are insufficient  
272.11 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in  
272.12 which the action was brought shall file a claim with the commissioner of revenue under  
272.13 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the  
272.14 remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

272.15 (d) When any mortgage covers real property located in more than one county in this  
272.16 state the total tax must be paid to the treasurer of the county where the mortgage is first  
272.17 presented for recording, and the payment must be receipted as provided in paragraph (a).  
272.18 If the principal debt or obligation secured by such a multiple county mortgage exceeds  
272.19 \$10,000,000, the tax collected shall be forwarded by the county treasurer receiving it to the  
272.20 commissioner of revenue and the nonstate portion of the tax must be divided and paid over  
272.21 by the county treasurer receiving it commissioner of revenue, on or before the 20th day of  
272.22 each month after receipt, to the county or counties entitled in the ratio that the estimated  
272.23 market value of the real property covered by the mortgage in each county bears to the  
272.24 estimated market value of all the real property in this state described in the mortgage. In  
272.25 making the division and payment the ~~county treasurer~~ commissioner of revenue shall send  
272.26 a statement giving the description of the real property described in the mortgage and the  
272.27 estimated market value of the part located in each county. For this purpose, the ~~treasurer of~~  
272.28 ~~any county~~ commissioner of revenue may require the treasurer of any ~~other~~ county to certify  
272.29 to the former the estimated market value of any tract of real property in any mortgage in  
272.30 the county.

272.31 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee  
272.32 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee  
272.33 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee  
272.34 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax



273.1 collected for that purpose and the mortgagor is relieved of any further obligation to pay the  
273.2 tax as to the amount collected by the mortgagee for this purpose.

273.3 **EFFECTIVE DATE.** This section is effective for tax collected after June 30, 2017.

273.4 Sec. 9. Minnesota Statutes 2016, section 289A.50, subdivision 1, is amended to read:

273.5 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this section  
273.6 and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and  
273.7 who files a written claim for refund will be refunded or credited the overpayment of the tax  
273.8 determined by the commissioner to be erroneously paid.

273.9 (b) The claim must specify the name of the taxpayer, the date when and the period for  
273.10 which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims  
273.11 was erroneously paid, the grounds on which a refund is claimed, and other information  
273.12 relative to the payment and in the form required by the commissioner. An income tax, estate  
273.13 tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes  
273.14 a claim for refund.

273.15 (c) When, in the course of an examination, and within the time for requesting a refund,  
273.16 the commissioner determines that there has been an overpayment of tax, the commissioner  
273.17 shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the  
273.18 overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer.  
273.19 If the amount of the overpayment is less than \$1, the commissioner is not required to refund.  
273.20 In these situations, the commissioner does not have to make written findings or serve notice  
273.21 by mail to the taxpayer.

273.22 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent  
273.23 care exceeds the tax against which the credit is allowable, the amount of the excess is  
273.24 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~  
273.25 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the  
273.26 refunding of such an overpayment shown on the original return filed by a taxpayer.

273.27 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,  
273.28 penalties, and interest reported in the return of the entertainment entity or imposed by section  
273.29 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than  
273.30 \$1, the commissioner need not refund that amount.

273.31 (f) If the surety deposit required for a construction contract exceeds the liability of the  
273.32 out-of-state contractor, the commissioner shall refund the difference to the contractor.

274.1 (g) An action of the commissioner in refunding the amount of the overpayment does not  
274.2 constitute a determination of the correctness of the return of the taxpayer.

274.3 (h) There is appropriated from the general fund to the commissioner of revenue the  
274.4 amount necessary to pay refunds allowed under this section.

274.5 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
274.6 based on contributions made on or after July 1, 2017.

274.7 Sec. 10. Minnesota Statutes 2016, section 290.01, subdivision 6, is amended to read:

274.8 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a  
274.9 tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~  
274.10 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

274.11 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
274.12 based on contributions made on or after July 1, 2017.

274.13 Sec. 11. Minnesota Statutes 2016, section 296A.01, subdivision 12, is amended to read:

274.14 Subd. 12. **Compressed natural gas or CNG.** "Compressed natural gas" or "CNG"  
274.15 means natural gas, primarily methane, condensed under high pressure and stored in specially  
274.16 designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes  
274.17 of this chapter, the energy content of CNG is considered to be ~~1,000~~ 900 BTUs per cubic  
274.18 foot.

274.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
274.20 30, 2017.

274.21 Sec. 12. Minnesota Statutes 2016, section 296A.08, subdivision 2, is amended to read:

274.22 Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

274.23 (a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

274.24 (b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

274.25 (c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$1.974 per thousand cubic feet;  
274.26 or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent,"  
274.27 as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural  
274.28 gas or 126.67 cubic feet.

275.1 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified  
275.2 in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed  
275.3 by the commissioner.

275.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
275.5 30, 2017.

275.6 Sec. 13. Minnesota Statutes 2016, section 296A.16, subdivision 2, is amended to read:

275.7 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and uses  
275.8 gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as  
275.9 provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than  
275.10 use in licensed motor vehicles, and who paid the tax directly or indirectly through the amount  
275.11 of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be  
275.12 reimbursed and repaid the amount of the tax paid upon filing with the commissioner a claim  
275.13 for refund in the form and manner prescribed by the commissioner, and containing the  
275.14 information the commissioner shall require. By signing any such claim which is false or  
275.15 fraudulent, the applicant shall be subject to the penalties provided in this chapter for  
275.16 knowingly making a false claim. The claim shall set forth the total amount of the gasoline  
275.17 so purchased and used by the applicant other than in motor vehicles, or special fuel purchased  
275.18 and used by the applicant other than in licensed motor vehicles, and shall state when and  
275.19 for what purpose it was used. When a claim contains an error in computation or preparation,  
275.20 the commissioner is authorized to adjust the claim in accordance with the evidence shown  
275.21 on the claim or other information available to the commissioner. The commissioner, on  
275.22 being satisfied that the claimant is entitled to the payments, shall approve the claim and  
275.23 transmit it to the commissioner of management and budget. The words "gasoline" or "special  
275.24 fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft.  
275.25 Gasoline or special fuel bought and used for a "qualifying purpose" means:

275.26 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm  
275.27 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have  
275.28 the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code  
275.29 as defined in section 289A.02, subdivision 7.

275.30 (2) Gasoline or special fuel used for off-highway business use.

275.31 (i) "Off-highway business use" means any use off the public highway by a person in  
275.32 that person's trade, business, or activity for the production of income.

276.1 (ii) Off-highway business use includes use of a passenger snowmobile off the public  
276.2 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;  
276.3 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not  
276.4 including fuel consumed during idling time.

276.5 (iii) Off-highway business use does not include use as a fuel in a motor vehicle which,  
276.6 at the time of use, is registered or is required to be registered for highway use under the  
276.7 laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu of  
276.8 a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in  
276.9 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the fuel  
276.10 tank of a licensed motor vehicle and must be stored in a separate supply tank.

276.11 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured  
276.12 in Minnesota, and shipped by interstate carrier to destinations in other states or foreign  
276.13 countries.

276.14 (4) Special fuel used in one of the following:

276.15 (i) to power a refrigeration unit mounted on a licensed motor vehicle, provided that the  
276.16 unit has an engine separate from the one used to propel the vehicle and the fuel is used  
276.17 exclusively for the unit;

276.18 (ii) to power an unlicensed motor vehicle that is used solely or primarily to move  
276.19 semitrailers within a cargo yard, warehouse facility, or intermodal facility; or

276.20 (iii) to operate a power take-off unit or auxiliary engine in or on a licensed motor vehicle,  
276.21 whether or not the unit or engine is fueled from the same or a different fuel tank as that  
276.22 from which the motor vehicle is fueled.

276.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
276.24 30, 2017.

276.25 Sec. 14. Minnesota Statutes 2016, section 297A.68, subdivision 19, is amended to read:

276.26 Subd. 19. **Petroleum products.** The following petroleum products are exempt:

276.27 (1) products upon which a tax has been imposed and paid under chapter 296A, and for  
276.28 which no refund has been or will be allowed because the buyer used the fuel for nonhighway  
276.29 use;

276.30 (2) products that are used in the improvement of agricultural land by constructing,  
276.31 maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water  
276.32 impoundment, and other erosion control structures;

277.1 (3) products purchased by a transit system receiving financial assistance under section  
 277.2 174.24, 256B.0625, subdivision 17, or 473.384;

277.3 (4) products purchased by an ambulance service licensed under chapter 144E;

277.4 (5) products used in a passenger snowmobile, as defined in section 296A.01, subdivision  
 277.5 39, for off-highway business use as part of the operations of a resort as provided under  
 277.6 section 296A.16, subdivision 2, clause (2);

277.7 (6) products purchased by a state or a political subdivision of a state for use in motor  
 277.8 vehicles exempt from registration under section 168.012, subdivision 1, paragraph (b);

277.9 (7) products purchased by providers of transportation to recipients of medical assistance  
 277.10 home and community-based services waivers enrolled in day programs, including adult day  
 277.11 care, family adult day care, day treatment and habilitation, prevocational services, and  
 277.12 structured day services; ~~or~~

277.13 (8) products used in a motor vehicle used exclusively as a mobile medical unit for the  
 277.14 provision of medical or dental services by a federally qualified health center, as defined  
 277.15 under title 19 of the federal Social Security Act, as amended by Section 4161 of the Omnibus  
 277.16 Budget Reconciliation Act of 1990; or

277.17 (9) special fuels eligible for a motor fuel tax refund under section 296A.16, subdivision  
 277.18 2, clause (4).

277.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 277.20 30, 2017.

277.21 Sec. 15. Minnesota Statutes 2016, section 297E.02, subdivision 6, is amended to read:

277.22 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under  
 277.23 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used  
 277.24 in this section, "combined net receipts" is the sum of the organization's gross receipts from  
 277.25 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,  
 277.26 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes  
 277.27 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, and  
 277.28 less six percent of the amounts actually expended for lawful purpose contributions under  
 277.29 section 349.12, subdivision 25, paragraph (a), clauses (1) to (7) and (9) to (26), for the fiscal  
 277.30 year. The combined net receipts of an organization are subject to a tax computed according  
 277.31 to the following schedule:

277.32	If the combined net receipts	The tax is:
277.33	for the fiscal year are:	

278.1	Not over \$87,500	nine percent
278.2	Over \$87,500, but not over	\$7,875 plus 18 percent of the amount
278.3	\$122,500	over \$87,500, but not over \$122,500
278.4	Over \$122,500, but not	\$14,175 plus 27 percent of the amount
278.5	over \$157,500	over \$122,500, but not over \$157,500
278.6	Over \$157,500	\$23,625 plus 36 percent of the amount
278.7		over \$157,500

278.8 (b) On or before April 1, 2016, the commissioner shall estimate the total amount of  
 278.9 revenue, including interest and penalties, that will be collected for fiscal year 2016 from  
 278.10 taxes imposed under this chapter. If the amount estimated by the commissioner equals or  
 278.11 exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the rates  
 278.12 under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice  
 278.13 to that effect in the State Register and notify each taxpayer by June 1, 2016. If the rates  
 278.14 under this section apply, the combined net receipts of an organization are subject to a tax  
 278.15 computed according to the following schedule:

278.16	If the combined net receipts	The tax is:
278.17	for the fiscal year are:	
278.18	Not over \$87,500	8.5 percent
278.19	Over \$87,500, but not over	\$7,438 plus 17 percent of the amount
278.20	\$122,500	over \$87,500, but not over \$122,500
278.21	Over \$122,500, but not	\$13,388 plus 25.5 percent of the
278.22	over \$157,500	amount over \$122,500, but not over
278.23		\$157,500
278.24	Over \$157,500	\$22,313 plus 34 percent of the amount
278.25		over \$157,500

278.26 (c) Gross receipts derived from sports-themed tipboards are exempt from taxation under  
 278.27 this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed  
 278.28 tipboard as defined in section 349.12, subdivision 34, under which the winning numbers  
 278.29 are determined by the numerical outcome of a professional sporting event.

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

278.31 Sec. 16. Minnesota Statutes 2016, section 298.225, subdivision 1, is amended to read:

278.32 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),  
 278.33 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
 278.34 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

278.35 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
 278.36 1983 production if the production for the year prior to the distribution year is no less than  
 278.37 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount

279.1 of the distributions shall be reduced proportionately at the rate of two percent for each  
279.2 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
279.3 tons; or

279.4 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
279.5 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
279.6 section and section 298.28, with respect to 1983 production;

279.7 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
279.8 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
279.9 with respect to 1983 production provided that the aid guarantee for distributions under  
279.10 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
279.11 for production years 2014 and thereafter.

279.12 (b) The distribution of the taconite production tax as provided in section 298.28,  
279.13 subdivision 2, shall equal the following amount:

279.14 (1) if the production for the year prior to the distribution year is at least 42,000,000  
279.15 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
279.16 to 1999 production; or

279.17 (2) if the production for the year prior to the distribution year is less than 42,000,000  
279.18 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
279.19 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
279.20 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

279.21 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,  
279.22 paragraph (a), guaranteed under this section is equal to the amount distributed under section  
279.23 298.28, with respect to 1983 production.

279.24 **EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

279.25 Sec. 17. Minnesota Statutes 2016, section 298.28, subdivision 3, is amended to read:

279.26 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under  
279.27 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account  
279.28 to be distributed as provided in section 298.282. The amount allocated to the taconite  
279.29 municipal aid account must be annually increased in the same proportion as the increase in  
279.30 the implicit price deflator as provided in section 298.24, subdivision 1.

279.31 (b) An amount must be allocated to towns or cities that is annually certified by the county  
279.32 auditor of a county containing a taconite tax relief area as defined in section 273.134,

280.1 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,  
280.2 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a  
280.3 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city  
280.4 consists of iron ore.

280.5 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's  
280.6 certified levy equal to the proportion of (1) the difference between 50 percent of January  
280.7 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,  
280.8 assessed value in the case of a city and its current assessed value to (2) the sum of its current  
280.9 assessed value plus the difference determined in (1), provided that the amount distributed  
280.10 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a  
280.11 city. For purposes of this limitation, population will be determined according to the 1980  
280.12 decennial census conducted by the United States Bureau of the Census. If the current assessed  
280.13 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,  
280.14 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,  
280.15 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed  
280.16 value," when used in reference to years other than 1980 or 1982, means the appropriate net  
280.17 tax capacities multiplied by 10.2.

280.18 (d) In addition to other distributions under this subdivision, three cents per taxable ton  
280.19 for distributions in 2009 must be allocated for distribution to towns that are entirely located  
280.20 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution  
280.21 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent  
280.22 amount must be annually increased in the same proportion as the increase in the implicit  
280.23 price deflator as provided in section 298.24, subdivision 1. The amount available under this  
280.24 paragraph will be distributed to eligible towns on a per capita basis, provided that no town  
280.25 may receive more than \$50,000 in any year under this paragraph. Any amount of the  
280.26 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be  
280.27 redistributed on a per capita basis among the other eligible towns, to whose distributions  
280.28 do not exceed \$50,000.

280.29 **EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

280.30 Sec. 18. **[459.36] NO SPENDING OF PUBLIC MONEY FOR CERTAIN RAIL**  
280.31 **PROJECTS.**

280.32 (a) Except as provided in paragraph (b), a governmental unit must not spend or use any  
280.33 money for any costs related to studying the feasibility of, planning for, designing,  
280.34 engineering, acquiring property or constructing facilities for or related to, or development



281.1 or operation of intercity or interregional passenger rail facilities or operations between the  
281.2 city of Rochester, or locations in its metropolitan area, and any location in the metropolitan  
281.3 area, as defined in section 473.121, subdivision 2.

281.4 (b) The restrictions under this section do not apply to:

281.5 (1) funds the governmental unit obtains from contributions, grants, or other voluntary  
281.6 payments made by nongovernmental entities from private sources; and

281.7 (2) expenditures for costs of public infrastructure, including public utilities, parking  
281.8 facilities, a multimode transit hub, or similar projects located within the area of the  
281.9 development district, as defined under section 469.40, and reflected in the development  
281.10 plan adopted before the enactment of this section, that are intended to serve, and that are  
281.11 made following the completed construction and commencement of operation of privately  
281.12 financed and operated intercity or interregional passenger rail facilities.

281.13 (c) For purposes of this section, "governmental unit" means any of the following, located  
281.14 in development regions 10 and 11, as designated under section 462.385, subdivision 1:

281.15 (1) statutory or home rule charter city;

281.16 (2) county;

281.17 (3) special taxing district, as defined in section 275.066;

281.18 (4) metropolitan planning organization; or

281.19 (5) destination medical center entity, which includes the Destination Medical Center  
281.20 Corporation and agency, as those terms are defined in section 469.40, and any successor or  
281.21 related entity.

281.22 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
281.23 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (c).

281.24 Sec. 19. Minnesota Statutes 2016, section 462.353, subdivision 4, is amended to read:

281.25 Subd. 4. **Fees.** (a) A municipality may prescribe fees sufficient to defray the costs incurred  
281.26 by it in reviewing, investigating, and administering an application for an amendment to an  
281.27 official control established pursuant to sections 462.351 to 462.364 or an application for a  
281.28 permit or other approval required under an official control established pursuant to those  
281.29 sections. Except as provided in subdivision 4a, fees as prescribed must be by ordinance.  
281.30 Fees must be fair, reasonable, and proportionate and have a nexus to the actual cost of the  
281.31 service for which the fee is imposed.

282.1 (b) A municipality must adopt management and accounting procedures to ensure that  
282.2 fees are maintained and used only for the purpose for which they are collected. Upon request,  
282.3 a municipality must explain the basis of its fees.

282.4 (c) Except as provided in this paragraph, a fee ordinance or amendment to a fee ordinance  
282.5 is effective January 1 after its adoption. A municipality may adopt a fee ordinance or an  
282.6 amendment to a fee ordinance with an effective date other than the next January 1, but the  
282.7 ordinance or amendment does not apply if an application for final approval has been  
282.8 submitted to the municipality.

282.9 (d) If a dispute arises over a specific fee imposed by a municipality related to a specific  
282.10 application, the person aggrieved by the fee may appeal under section 462.361, provided  
282.11 that the appeal must be brought within 60 days after approval of an application under this  
282.12 section and deposit of the fee into escrow. A municipality must not condition the approval  
282.13 of any proposed subdivision or development on an agreement to waive the right to challenge  
282.14 the validity of a fee. An approved application may proceed as if the fee had been paid,  
282.15 pending a decision on the appeal. This paragraph must not be construed to preclude the  
282.16 municipality from conditioning approval of any proposed subdivision or development on  
282.17 an agreement to waive a challenge to the cost associated with municipally installed  
282.18 improvements of the type described in section 429.021.

282.19 (e) A municipality may not impose a fee to review or investigate a use if the use is  
282.20 allowed without any permit, approval, or amendment to an official control. This limitation  
282.21 does not apply to a fee for a review or investigation:

282.22 (1) of compliance with health and safety requirements; or

282.23 (2) that results in finding a violation, unless the finding is overturned on appeal or a  
282.24 penalty, fine, or other charge is imposed for the violation.

282.25 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to fees  
282.26 imposed on or after that date.

282.27 Sec. 20. **[473.1467] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

282.28 (a) Except as provided in paragraph (b), the council must not spend or use any money  
282.29 for any costs related to studying the feasibility of, planning for, designing, engineering,  
282.30 acquiring property or constructing facilities for or related to, or development or operation  
282.31 of intercity or interregional passenger rail facilities or operations between the city of  
282.32 Rochester or locations in its metropolitan area and any location in the metropolitan area, as  
282.33 defined in section 473.121, subdivision 2.

283.1 (b) The restrictions under this section do not apply to funds the council obtains from  
283.2 contributions, grants, or other voluntary payments made by nongovernmental entities from  
283.3 private sources.

283.4 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
283.5 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
283.6 Scott, and Washington.

283.7 Sec. 21. **CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED**  
283.8 **TACONITE TAX PROCEEDS.**

283.9 The commissioner of Iron Range resources and rehabilitation may use unspent amounts  
283.10 allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause (19),  
283.11 remaining as of May 22, 2016, for the specific purposes identified in that section.  
283.12 Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any  
283.13 other law to the contrary, interest accrued on this amount shall also be distributed to the  
283.14 recipient. Amounts under this section are available until expended and do not lapse or cancel  
283.15 under Minnesota Statutes, section 16A.28.

283.16 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2016.

283.17 Sec. 22. **CITY OF TAYLORS FALLS; DEVELOPMENT ZONE.**

283.18 Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may  
283.19 designate all or any part of the city as a development zone under Minnesota Statutes, section  
283.20 469.1731.

283.21 Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to  
283.22 469.1735, apply to the development zones designated under this section. The governing  
283.23 body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731  
283.24 to 469.1735, including powers that apply outside of the zones.

283.25 (b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section  
283.26 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

283.27 Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the  
283.28 state portion of the tax reductions for all years of the program under Minnesota Statutes,  
283.29 sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$100,000. To  
283.30 provide the authority under this section, the amount of the allocation for border cities under  
283.31 Minnesota Statutes, section 469.169, in this act is reduced by \$100,000.

284.1 (b) This allocation may be used for tax reductions provided in Minnesota Statutes, section  
284.2 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735,  
284.3 subdivision 3, but only if the governing body of the city of Taylors Falls determines that  
284.4 the tax reduction or offset is necessary to enable a business to expand within the city or to  
284.5 attract a business to the city.

284.6 (c) The commissioner of revenue may waive the limit under this subdivision using the  
284.7 same rules and standards provided in Minnesota Statutes, section 469.169, subdivision 12,  
284.8 paragraph (b).

284.9 **EFFECTIVE DATE.** This section is effective July 1, 2017, and does not require local  
284.10 approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

284.11 **Sec. 23. SUPPLEMENT TO 2017 REPORT.**

284.12 By January 2, 2018, the commissioner of revenue shall prepare a supplement to the 2017  
284.13 tax incidence report containing the information required by section 7.

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

284.15 **Sec. 24. REPEALER.**

284.16 (a) Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2;  
284.17 and 290.06, subdivision 23, and Minnesota Rules, part 4503.1400, subpart 4, are repealed.

284.18 (b) Minnesota Statutes 2016, section 477A.20, is repealed.

284.19 (c) Minnesota Statutes 2016, sections 136A.129; and 290.06, subdivision 36, are repealed.

284.20 **EFFECTIVE DATE.** Paragraph (a) is effective for contributions made after June 30,  
284.21 2017, and refund claims filed after June 30, 2017. Paragraph (b) is effective the day following  
284.22 final enactment. Paragraph (c) is effective for agreements entered into after June 30, 2017,  
284.23 and for taxable years beginning after December 31, 2017.

284.24 **ARTICLE 13**

284.25 **TRANSPORTATION-RELATED TAXES**

284.26 **Section 1. [174.54] TRANSPORTATION PRIORITIES FUND.**

284.27 Subdivision 1. **Fund established.** A transportation priorities fund is established in the  
284.28 state treasury, under the budgetary jurisdiction of the legislative committees having  
284.29 jurisdiction over transportation finance. The fund consists of money provided by law, and  
284.30 any other funds donated, allotted, transferred, or otherwise provided. Money in the fund

285.1 must be allocated solely for transportation purposes as specified in this section and as  
285.2 provided by law.

285.3 Sec. 2. Minnesota Statutes 2016, section 297A.815, subdivision 3, is amended to read:

285.4 Subd. 3. **Motor vehicle lease sales tax revenue.** ~~(a) For purposes of this subdivision,~~  
285.5 ~~"net revenue" means an amount equal to the revenues, including interest and penalties,~~  
285.6 ~~collected under this section, during the fiscal year, less \$32,000,000 in each fiscal year.~~

285.7 ~~(b)~~ (a) On or before June 30 of each fiscal year, the commissioner of revenue shall  
285.8 estimate the amount of ~~the net revenue~~ revenues, including interest and penalties, collected  
285.9 under this section for the current fiscal year.

285.10 ~~(e)~~ (b) On or after July 1 of the subsequent fiscal year, the commissioner of management  
285.11 and budget shall transfer the ~~net revenue as~~ revenues estimated in paragraph ~~(b)~~ (a) from  
285.12 the general fund, as follows:

285.13 ~~(1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to the~~  
285.14 ~~county state-aid highway fund. Notwithstanding any other law to the contrary, the~~  
285.15 ~~commissioner of transportation shall allocate the funds transferred under this clause to the~~  
285.16 ~~counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding~~  
285.17 ~~the counties of Hennepin and Ramsey, so that each county shall receive of such amount the~~  
285.18 ~~percentage that its population, as defined in section 477A.011, subdivision 3, estimated or~~  
285.19 ~~established by July 15 of the year prior to the current calendar year, bears to the total~~  
285.20 ~~population of the counties receiving funds under this clause; and~~

285.21 ~~(2) the remainder to the greater Minnesota transit account~~ to the transportation priorities  
285.22 fund.

285.23 (c) The revenues under this subdivision do not include the revenues, including interest  
285.24 and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a,  
285.25 which must be deposited as provided under the Minnesota Constitution, article XI, section  
285.26 15.

285.27 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
285.28 applies beginning with transfers recognized in fiscal year 2018.

285.29 Sec. 3. Minnesota Statutes 2016, section 297A.94, is amended to read:

285.30 **297A.94 DEPOSIT OF REVENUES.**

286.1 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
286.2 including interest and penalties, derived from the taxes imposed by this chapter in the state  
286.3 treasury and credit them to the general fund.

286.4 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
286.5 account in the special revenue fund if:

286.6 (1) the taxes are derived from sales and use of property and services purchased for the  
286.7 construction and operation of an agricultural resource project; and

286.8 (2) the purchase was made on or after the date on which a conditional commitment was  
286.9 made for a loan guaranty for the project under section 41A.04, subdivision 3.

286.10 The commissioner of management and budget shall certify to the commissioner the date on  
286.11 which the project received the conditional commitment. The amount deposited in the loan  
286.12 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
286.13 of Revenue to administer and enforce the assessment and collection of the taxes.

286.14 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
286.15 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
286.16 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

286.17 (1) first to the general obligation special tax bond debt service account in each fiscal  
286.18 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

286.19 (2) after the requirements of clause (1) have been met, the balance to the general fund.

286.20 (d) The commissioner shall deposit the revenues, including interest and penalties,  
286.21 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
286.22 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
286.23 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
286.24 subdivision 5, for the previous calendar year.

286.25 (e) 72.43 percent of the revenues, including interest and penalties, transmitted to the  
286.26 commissioner under section 297A.65, must be deposited by the commissioner in the state  
286.27 treasury as follows:

286.28 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
286.29 the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
286.30 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
286.31 water, and other natural resources of the state;

287.1 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
287.2 be spent only for state parks and trails;

287.3 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
287.4 be spent only on metropolitan park and trail grants;

287.5 (4) three percent of the receipts must be deposited in the natural resources fund, and  
287.6 may be spent only on local trail grants; and

287.7 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
287.8 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
287.9 and the Duluth Zoo.

287.10 (f) The revenue dedicated under paragraph (e) may not be used as a substitute for  
287.11 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
287.12 supplement traditional sources of funding for those purposes. Land acquired with money  
287.13 deposited in the game and fish fund under paragraph (e) must be open to public hunting  
287.14 and fishing during the open season, except that in aquatic management areas or on lands  
287.15 where angling easements have been acquired, fishing may be prohibited during certain times  
287.16 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
287.17 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
287.18 resources under paragraph (e) must be allocated for field operations.

287.19 (g) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit  
287.20 the revenues, including interest and penalties, derived from the taxes imposed on the lease  
287.21 or rental of a motor vehicle under section 297A.64, subdivision 1, into the state treasury  
287.22 and credit the revenues to the transportation priorities fund.

287.23 (h) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit  
287.24 of revenues under paragraph (g), the commissioner shall deposit into the state treasury and  
287.25 credit to the transportation priorities fund an amount equal to the estimated revenues derived  
287.26 from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for  
287.27 not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner  
287.28 shall estimate the amount of sales tax revenues deposited under this paragraph based on the  
287.29 amount of revenue deposited under paragraph (g).

287.30 (i) \$156,800,000 in fiscal year 2018, \$151,100,000 in fiscal year 2019, \$266,618,000  
287.31 in fiscal year 2020, and \$287,718,000 in fiscal year 2021 are transferred from the general  
287.32 fund to the commissioner for deposit in the transportation priorities fund. Annually in fiscal  
287.33 year 2022 and thereafter, 4.293 percent of the revenues generated by the sales tax imposed  
287.34 under section 297A.62, subdivision 1, is transferred from the general fund to the

288.1 commissioner for deposit in the transportation priorities fund. The commissioner must make  
288.2 transfers under this paragraph by July 15 in each year. Transfers in this paragraph represent  
288.3 revenues attributable to sales and purchases of motor vehicle repair and replacement parts.

288.4 ~~(g)~~ (j) The revenues deposited under ~~paragraphs (a) to (f)~~ this subdivision do not include  
288.5 the revenues, including interest and penalties, generated by the sales tax imposed under  
288.6 section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota  
288.7 Constitution, article XI, section 15.

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

288.9 Sec. 4. Minnesota Statutes 2016, section 297A.992, subdivision 6a, is amended to read:

288.10 Subd. 6a. **Priority of fund uses.** (a) The joint powers board shall allocate all revenues  
288.11 from the taxes imposed under this section in conformance with the following priority order:

288.12 (1) payment of debt service necessary for the fiscal year on bonds or other obligations  
288.13 issued prior to January 1, 2011, under subdivision 7; ~~and~~

288.14 (2) payment to the Metropolitan Council of 100 percent, or a portion that is not paid by  
288.15 counties under section 297A.993, subdivision 2a, of the annual net operating and capital  
288.16 maintenance costs, as certified by the Metropolitan Council, for all light rail transit lines in  
288.17 which a grant award for project development, capital, capital maintenance, or operating  
288.18 expenditures has been provided under this section; and

288.19 (3) as otherwise authorized under this section.

288.20 (b) Project development in this subdivision includes but is not limited to feasibility and  
288.21 alternatives analysis, design, engineering, environmental analysis, property acquisition, and  
288.22 construction.

288.23 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
288.24 applies for costs occurring on or after July 1, 2017.

288.25 Sec. 5. Minnesota Statutes 2016, section 297A.993, subdivision 1, is amended to read:

288.26 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions  
288.27 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside the  
288.28 metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more  
288.29 than one county outside the metropolitan transportation area acting under a joint powers  
288.30 agreement, except when subject to voter approval, as provided in subdivision 1a, may by  
288.31 resolution of the county board, or each of the county boards, following a public hearing



289.1 impose (1) a transportation sales tax at a rate of up to one-half of one percent on retail sales  
289.2 and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined  
289.3 in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the  
289.4 business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing  
289.5 authority.

289.6 **EFFECTIVE DATE.** This section is effective after March 31, 2017, and applies to new  
289.7 taxes or expansions of the use of existing taxes after that date.

289.8 Sec. 6. Minnesota Statutes 2016, section 297A.993, is amended by adding a subdivision  
289.9 to read:

289.10 Subd. 1a. **Certain counties; voter approval; limitations.** (a) Notwithstanding  
289.11 subdivision 1, a county that had imposed a tax under section 297A.992 may not impose a  
289.12 tax under this section greater than one quarter of one percent unless approved at a general  
289.13 election by the majority of voters who vote on the question to impose the taxes.

289.14 (b) Notwithstanding subdivision 2, a county that had imposed a tax under section  
289.15 297A.992 may not expand the use of revenue from an existing tax under this section for  
289.16 any new transit project that will require an operating subsidy of \$10,000,000 or more per  
289.17 year, unless the new use is approved by the majority of voters voting on the question at a  
289.18 general election.

289.19 **EFFECTIVE DATE.** This section is effective retroactively from March 15, 2017.

289.20 Sec. 7. Minnesota Statutes 2016, section 297A.993, subdivision 2, is amended to read:

289.21 **Subd. 2. Allocation; termination.** The proceeds of the taxes must be dedicated  
289.22 exclusively to: (1) payment of the capital cost of a specific transportation project or  
289.23 improvement; (2) payment of the costs, which may include both capital and operating costs,  
289.24 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes  
289.25 to school program under section 174.40; or (4) payment of transit operating and capital  
289.26 maintenance costs, including as provided in subdivision 2a. The transportation or transit  
289.27 project or improvement must be designated by the board of the county, or more than one  
289.28 county acting under a joint powers agreement. Except for taxes for operating costs of a  
289.29 transit project or improvement, or for transit operations, the taxes must terminate when  
289.30 revenues raised are sufficient to finance the project.

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

290.1 Sec. 8. Minnesota Statutes 2016, section 297A.993, is amended by adding a subdivision  
290.2 to read:

290.3 Subd. 2a. **Allocation for certain transitways.** (a) This subdivision applies to a county:

290.4 (1) that has previously imposed and is no longer imposing a local sales tax as part of a  
290.5 joint powers agreement under section 297A.992;

290.6 (2) that imposes the tax under this section; and

290.7 (3) in which a light rail transit line is located, whether wholly or partially.

290.8 (b) All counties subject to this subdivision, and the joint powers board under section  
290.9 297A.992 if the joint powers agreement under section 297A.992, subdivision 3, is not  
290.10 terminated, must collectively enter into an agreement that determines and allocates payments  
290.11 to the Metropolitan Council that, in total, equal at least the amount required to be provided  
290.12 under section 297A.992, subdivision 6a, paragraph (a), clause (2). Nothing in this paragraph  
290.13 prevents payments from other entities or sources of funds.

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

290.15 Sec. 9. Minnesota Statutes 2016, section 398A.10, subdivision 3, is amended to read:

290.16 Subd. 3. **Application.** This section only applies to a county that has imposed the  
290.17 metropolitan transportation sales and use tax under section 297A.992 and applies whether  
290.18 the tax is currently in effect or not.

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

290.20 Sec. 10. Minnesota Statutes 2016, section 398A.10, subdivision 4, is amended to read:

290.21 Subd. 4. **Definition.** For purposes of this section, "project" means the initial construction  
290.22 or extension of a minimum operable segment of a new light rail transit or commuter rail  
290.23 line, but does not include infill stations, project enhancements, ~~extensions~~, or supportive  
290.24 infrastructure, constructed after the rail transit is operational.

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

290.26 Sec. 11. **MOTOR VEHICLE PARTS SALES TAXES ESTIMATION.**

290.27 (a) By January 15, 2019, the commissioner of revenue must submit a report on state  
290.28 general sales taxes attributable to motor vehicle repair and replacement parts to the chairs  
290.29 and ranking minority members of the legislative committees with jurisdiction over taxes  
290.30 and transportation policy and finance.

291.1 (b) The report must provide an estimate, based on federal data and department  
291.2 consumption models, of the percentage of total sales tax revenues collected in a calendar  
291.3 year from the tax rate imposed under Minnesota Statutes, section 297A.62, subdivision 1,  
291.4 that is attributable to sales and purchases of motor vehicle repair and replacement parts.

291.5 (c) For purposes of this section, "motor vehicle repair and replacement parts" includes:

291.6 (1) all parts, motor vehicle tires, accessories, and equipment incorporated into or affixed  
291.7 to the motor vehicle as part of the motor vehicle maintenance or repair; and

291.8 (2) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor  
291.9 vehicle maintenance or repair.

291.10 (d) For purposes of this section, "motor vehicle tire" means any tire of the type used on  
291.11 highway vehicles if wholly or partially made of rubber and if marked according to federal  
291.12 regulations for highway use. For purposes of this section, "motor vehicle" has the meaning  
291.13 given in Minnesota Statutes, section 297B.01, subdivision 11.

291.14 Sec. 12. **REPEALER.**

291.15 Minnesota Statutes 2016, section 297A.992, subdivision 12, is repealed.

## 291.16 **ARTICLE 14**

### 291.17 **VEHICLE TAXES AND FEES**

291.18 Section 1. Minnesota Statutes 2016, section 168.013, subdivision 1a, is amended to read:

291.19 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in  
291.20 section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax ~~shall be~~  
291.21 is \$10 plus an additional tax equal to 1.25 percent of the base value.

291.22 (b) Subject to the classification provisions herein, "base value" means the manufacturer's  
291.23 suggested retail price of the vehicle including destination charge using list price information  
291.24 published by the manufacturer or determined by the registrar if no suggested retail price  
291.25 exists, and shall not include the cost of each accessory or item of optional equipment  
291.26 separately added to the vehicle and the suggested retail price.

291.27 (c) If the manufacturer's list price information contains a single vehicle identification  
291.28 number followed by various descriptions and suggested retail prices, the registrar shall  
291.29 select from those listings only the lowest price for determining base value.

291.30 (d) If unable to determine the base value because the vehicle is specially constructed,  
291.31 or for any other reason, the registrar may establish such value upon the cost price to the

292.1 purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales  
 292.2 or use tax or any local sales or other local tax.

292.3 (e) The registrar shall classify every vehicle in its proper base value class as follows:

292.4	FROM	TO
292.5	\$ 0	\$ 199.99
292.6	\$ 200	\$ 399.99

292.7 and thereafter a series of classes successively set in brackets having a spread of \$200  
 292.8 consisting of such number of classes as will permit classification of all vehicles.

292.9 (f) The base value for purposes of this section shall be the middle point between the  
 292.10 extremes of its class.

292.11 (g) The registrar shall establish the base value, when new, of every passenger automobile  
 292.12 and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31,  
 292.13 using list price information published by the manufacturer or any nationally recognized  
 292.14 firm or association compiling such data for the automotive industry. If unable to ascertain  
 292.15 the base value of any registered vehicle in the foregoing manner, the registrar may use any  
 292.16 other available source or method. The registrar shall calculate tax using base value  
 292.17 information available to dealers and deputy registrars at the time the application for  
 292.18 registration is submitted. The tax on all previously registered vehicles shall be computed  
 292.19 upon the base value thus determined taking into account the depreciation provisions of  
 292.20 paragraph (h).

292.21 (h) The annual additional tax must be computed upon a percentage of the base value as  
 292.22 follows: during the first year of vehicle life, upon 100 percent of the base value; for the  
 292.23 second year, 90 percent of such value; for the third year, 80 percent of such value; for the  
 292.24 fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the  
 292.25 sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the  
 292.26 eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the  
 292.27 tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

292.28 (i) In no event shall the annual additional tax be less than \$25.

292.29 (j) For any vehicle previously registered in Minnesota and regardless of prior ownership,  
 292.30 the annual additional tax total amount due under this subdivision and subdivision 1m must  
 292.31 not exceed the smallest total amount of annual additional tax previously paid or due on the  
 292.32 vehicle.

293.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
293.2 applies to taxes payable for a registration period starting on or after January 1, 2018.

293.3 Sec. 2. Minnesota Statutes 2016, section 168.013, is amended by adding a subdivision to  
293.4 read:

293.5 Subd. 1m. **Electric vehicle.** In addition to the tax under subdivision 1a, a surcharge of  
293.6 \$75 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision 1a.  
293.7 Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must  
293.8 be deposited in the highway user tax distribution fund.

293.9 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
293.10 applies to a registration period starting on or after January 1, 2018.

293.11 Sec. 3. Minnesota Statutes 2016, section 169.011, is amended by adding a subdivision to  
293.12 read:

293.13 Subd. 1a. **All-electric vehicle.** (a) "All-electric vehicle" means an electric vehicle that  
293.14 is solely able to be powered by an electric motor drawing current from rechargeable storage  
293.15 batteries, fuel cells, or other portable sources of electrical current.

293.16 (b) All-electric vehicle excludes a plug-in hybrid electric vehicle.

293.17 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
293.18 applies to a registration period starting on or after January 1, 2018.

## 293.19 **ARTICLE 15**

### 293.20 **DEPARTMENT OF REVENUE 2015-2016 SALES SUPPRESSION PROVISIONS**

293.21 Section 1. **[289A.14] USE OF AUTOMATED SALES SUPPRESSION DEVICES;**  
293.22 **DEFINITIONS.**

293.23 (a) For the purposes of sections 289A.60, subdivision 32, 289A.63, subdivision 12, and  
293.24 609.5316, subdivision 3, the following terms have the meanings given.

293.25 (b) "Automated sales suppression device" or "zapper" means a software program, carried  
293.26 on any tangible medium, or accessed through any other means, that falsifies the electronic  
293.27 records of electronic cash registers and other point-of-sale systems including, but not limited  
293.28 to, transaction data and transaction reports.

293.29 (c) "Electronic cash register" means a device that keeps a register or supporting documents  
293.30 through the means of an electronic device or computer system designed to record transaction

294.1 data for the purpose of computing, compiling, or processing retail sales transaction data in  
294.2 whatever manner.

294.3 (d) "Phantom-ware" means hidden preinstalled or later-installed programming option  
294.4 embedded in the operating system of an electronic cash register or hardwired into the  
294.5 electronic cash register that can be used to create a virtual second electronic cash register  
294.6 or may eliminate or manipulate transaction records that may or may not be preserved in  
294.7 digital formats to represent the true or manipulated record of transactions in the electronic  
294.8 cash register.

294.9 (e) "Transaction data" includes items purchased by a customer, the price of each item,  
294.10 the taxability determination for each item, a segregated tax amount for each of the taxed  
294.11 items, the date and time of the purchase, the name, address, and identification number of  
294.12 the vendor, and the receipt or invoice number of the transaction.

294.13 (f) "Transaction report" means a report documenting, but not limited to, the sales, taxes  
294.14 collected, media totals, and discount voids at an electronic cash register that is printed on  
294.15 cash register tape at the end of a day or shift, or a report documenting every action at an  
294.16 electronic cash register that is stored electronically.

294.17 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota  
294.18 Statutes, section 289A.63, subdivision 12, or 289A.60, subdivision 32, that occur on or after  
294.19 August 1, 2017.

294.20 Sec. 2. Minnesota Statutes 2016, section 289A.60, is amended by adding a subdivision to  
294.21 read:

294.22 Subd. 32. **Sales suppression.** (a) A person who:

294.23 (1) sells;

294.24 (2) transfers;

294.25 (3) develops;

294.26 (4) manufactures; or

294.27 (5) possesses with the intent to sell or transfer

294.28 an automated sales suppression device, zapper, phantom-ware, or similar device capable of  
294.29 being used to commit tax fraud or suppress sales is liable for a civil penalty calculated under  
294.30 paragraph (b).

295.1 (b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total  
295.2 amount of all taxes and penalties due that are attributable to the use of any automated sales  
295.3 suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer,  
295.4 development, or manufacture of the automated sales suppression device, zapper,  
295.5 phantom-ware, or similar device by the person.

295.6 (c) The definitions in section 289A.14 apply to this subdivision.

295.7 (d) This subdivision does not apply to the commissioner, a person acting at the direction  
295.8 of the commissioner, an agent of the commissioner, law enforcement agencies, or  
295.9 postsecondary education institutions that possess an automated sales suppression device,  
295.10 zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated  
295.11 sales suppression devices, zappers, or phantom-ware.

295.12 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on  
295.13 or after August 1, 2017.

295.14 Sec. 3. Minnesota Statutes 2016, section 289A.63, is amended by adding a subdivision to  
295.15 read:

295.16 Subd. 12. **Felony.** (a) A person who sells, purchases, installs, transfers, develops,  
295.17 manufactures, or uses an automated sales suppression device, zapper, phantom-ware, or  
295.18 similar device knowing that the device or phantom-ware is capable of being used to commit  
295.19 tax fraud or suppress sales is guilty of a felony and may be sentenced to imprisonment for  
295.20 not more than five years or to a payment of a fine of not more than \$10,000, or both.

295.21 (b) An automated sales suppression device, zapper, phantom-ware, and any other device  
295.22 containing an automated sales suppression, zapper, or phantom-ware device or software is  
295.23 contraband and subject to forfeiture under section 609.5316.

295.24 (c) The definitions in section 289A.14 apply to this subdivision.

295.25 (d) This subdivision does not apply to the commissioner, a person acting at the direction  
295.26 of the commissioner, an agent of the commissioner, law enforcement agencies, or  
295.27 postsecondary education institutions that possess an automated sales suppression device,  
295.28 zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated  
295.29 sales suppression devices, zappers, or phantom-ware.

295.30 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on  
295.31 or after August 1, 2017.

296.1 Sec. 4. Minnesota Statutes 2016, section 609.5316, subdivision 3, is amended to read:

296.2 Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression**  
296.3 **devices, and bullet-resistant vests.** Weapons used are contraband and must be summarily  
296.4 forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for  
296.5 a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation  
296.6 of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as  
296.7 defined in section 609.486, worn or possessed during the commission or attempted  
296.8 commission of a crime are contraband and must be summarily forfeited to the appropriate  
296.9 agency upon conviction of the owner or possessor for a controlled substance crime or for  
296.10 any offense of this chapter. Telephone cloning paraphernalia used in a violation of section  
296.11 609.894, and automated sales suppression devices, phantom-ware, and other devices  
296.12 containing an automated sales suppression or phantom-ware device or software used in  
296.13 violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited  
296.14 to the appropriate agency upon a conviction.

296.15 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota  
296.16 Statutes, section 289A.63, subdivision 12, that occur on or after August 1, 2017.

## 296.17 ARTICLE 16

### 296.18 DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL 296.19 PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

296.20 Section 1. Minnesota Statutes 2016, section 289A.08, subdivision 11, is amended to read:

296.21 Subd. 11. **Information included in income tax return.** (a) The return must state:

296.22 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address  
296.23 of the taxpayer in the same name or names and same address as the taxpayer has used in  
296.24 making the taxpayer's income tax return to the United States;

296.25 (2) the date or dates of birth of the taxpayer or taxpayers;

296.26 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number  
296.27 has been issued by the United States with respect to the taxpayers; and

296.28 (4) the amount of the taxable income of the taxpayer as it appears on the federal return  
296.29 for the taxable year to which the Minnesota state return applies.

296.30 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy  
296.31 of the federal income tax return that the taxpayer has filed or is about to file for the period;



297.1 ~~unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return~~  
297.2 ~~by telefiling.~~

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

297.4 Sec. 2. Minnesota Statutes 2016, section 289A.08, subdivision 16, is amended to read:

297.5 Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee imposed.**

297.6 (a) A "tax refund or return preparer," as defined in section 289A.60, ~~subdivision 13, paragraph~~  
297.7 ~~(F)~~, who is a tax return preparer for purposes of section 6011(e) of the Internal Revenue  
297.8 Code, and who reasonably expects to prepare more than ten Minnesota individual income,  
297.9 corporate franchise, S corporation, partnership, or fiduciary income tax returns for the prior  
297.10 ~~calendar~~ year must file all Minnesota individual income, corporate franchise, S corporation,  
297.11 partnership, or fiduciary income tax returns prepared for that calendar year by electronic  
297.12 means.

297.13 (b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return  
297.14 that the taxpayer did not want the return filed by electronic means.

297.15 (c) For each return that is not filed electronically by a tax refund or return preparer under  
297.16 this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is  
297.17 imposed upon the preparer. The fee is collected from the preparer in the same manner as  
297.18 income tax. The fee does not apply to returns that the commissioner requires to be filed in  
297.19 paper form.

297.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
297.21 31, 2016.

297.22 Sec. 3. Minnesota Statutes 2016, section 289A.09, subdivision 2, is amended to read:

297.23 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from  
297.24 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or  
297.25 who would have been required to deduct and withhold a tax under section 290.92, subdivision  
297.26 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined  
297.27 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no  
297.28 more than one withholding exemption, or who paid wages or made payments not subject  
297.29 to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an  
297.30 employee or person receiving royalty payments in excess of \$600, or who has entered into  
297.31 a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must  
297.32 give every employee or person receiving royalty payments in respect to the remuneration

298.1 paid by the person to the employee or person receiving royalty payments during the calendar  
298.2 year, on or before January 31 of the succeeding year, or, if employment is terminated before  
298.3 the close of the calendar year, within 30 days after the date of receipt of a written request  
298.4 from the employee if the 30-day period ends before January 31, a written statement showing  
298.5 the following:

298.6 (1) name of the person;

298.7 (2) the name of the employee or payee and the employee's or payee's Social Security  
298.8 account number;

298.9 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,  
298.10 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,  
298.11 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal  
298.12 Revenue Code; and the amount of royalties subject to withholding under section 290.923,  
298.13 subdivision 2; and

298.14 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a  
298.15 or 3, or 290.923, subdivision 2.

298.16 (b) The statement required to be furnished by paragraph (a) with respect to any  
298.17 remuneration must be furnished at those times, must contain the information required, and  
298.18 must be in the form the commissioner prescribes.

298.19 (c) The commissioner may prescribe rules providing for reasonable extensions of time,  
298.20 not in excess of 30 days, to employers or payers required to give the statements to their  
298.21 employees or payees under this subdivision.

298.22 (d) A duplicate of any statement made under this subdivision and in accordance with  
298.23 rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~  
298.24 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~  
298.25 ~~of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the  
298.26 commissioner on or before ~~February 28~~ January 31 of the year after the payments were  
298.27 made.

298.28 (e) If an employer cancels the employer's Minnesota withholding account number required  
298.29 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed  
298.30 with the commissioner within 30 days of the end of the quarter in which the employer  
298.31 cancels its account number.

298.32 (f) The employer must submit the statements required to be sent to the commissioner ~~in~~  
298.33 ~~the same manner required to satisfy the federal reporting requirements of section 6011(e)~~

299.1 ~~of the Internal Revenue Code and the regulations issued under it. An employer must submit~~  
299.2 ~~statements to the commissioner required by this section by electronic means if the employer~~  
299.3 ~~is required to send more than 25 statements to the commissioner, even though the employer~~  
299.4 ~~is not required to submit the returns federally by electronic means. For statements issued~~  
299.5 ~~for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding~~  
299.6 ~~required under section 290.92 are aggregated for purposes of determining whether the~~  
299.7 ~~electronic submission threshold is met. The commissioner shall prescribe the content, format,~~  
299.8 ~~and manner of the statement pursuant to section 270C.30.~~

299.9 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph  
299.10 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,  
299.11 paragraph (a), with the commissioner by electronic means.

299.12 **EFFECTIVE DATE.** This section is effective for statements required to be sent to the  
299.13 commissioner after December 31, 2017, except that the date change in paragraph (d) is  
299.14 effective for wages paid after December 31, 2016.

299.15 Sec. 4. Minnesota Statutes 2016, section 289A.12, subdivision 14, is amended to read:

299.16 Subd. 14. ~~**Regulated investment companies; Reporting exempt interest and**~~  
299.17 ~~**exempt-interest dividends.**~~ (a) A regulated investment company paying \$10 or more in  
299.18 exempt-interest dividends to an individual who is a resident of Minnesota, or any person  
299.19 receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee  
299.20 to an individual who is a resident of Minnesota, must make a return indicating the amount  
299.21 of the exempt interest or exempt-interest dividends, the name, address, and Social Security  
299.22 number of the recipient, and any other information that the commissioner specifies. The  
299.23 return must be provided to the ~~shareholder~~ recipient by February 15 of the year following  
299.24 the year of the payment. The return provided to the ~~shareholder~~ recipient must include a  
299.25 clear statement, in the form prescribed by the commissioner, that the exempt interest or  
299.26 exempt-interest dividends must be included in the computation of Minnesota taxable income.  
299.27 By June 1 of each year, the ~~regulated investment company~~ payor must file a copy of the  
299.28 return with the commissioner.

299.29 (b) For purposes of this subdivision, the following definitions apply.

299.30 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
299.31 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
299.32 dividends that are not required to be added to federal taxable income under section 290.0131,  
299.33 subdivision 2, paragraph (b).

300.1 (2) "Regulated investment company" means regulated investment company as defined  
300.2 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company  
300.3 as defined in section 851(g) of the Internal Revenue Code.

300.4 (3) "Exempt interest" means income on obligations of any state other than Minnesota,  
300.5 or a political or governmental subdivision, municipality, or governmental agency or  
300.6 instrumentality of any state other than Minnesota, and exempt from federal income taxes  
300.7 under the Internal Revenue Code or any other federal statute.

300.8 **EFFECTIVE DATE.** This section is effective for reports required to be filed after  
300.9 December 31, 2017.

300.10 Sec. 5. Minnesota Statutes 2016, section 289A.18, is amended by adding a subdivision to  
300.11 read:

300.12 Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who  
300.13 deducts and withholds an amount required to be withheld by section 290.92 may file an  
300.14 annual return and make an annual payment of the amount required to be deducted and  
300.15 withheld for that calendar year if the employer has received a notification under paragraph  
300.16 (b). The ability to elect to file an annual return continues through the year following the  
300.17 year where an employer is required to deduct and withhold more than \$500.

300.18 (b) The commissioner is authorized to determine which employers are eligible to file  
300.19 an annual return and to notify employers who newly qualify to file an annual return because  
300.20 the amount an employer is required to deduct and withhold for that calendar year is \$500  
300.21 or less based on the most recent period of four consecutive quarters for which the  
300.22 commissioner has compiled data on that employer's withholding tax for that period. At the  
300.23 time of notification, eligible employers may still decide to file returns and make deposits  
300.24 quarterly. An employer who decides to file returns and make deposits quarterly is required  
300.25 to make all returns and deposits required by this chapter and, notwithstanding paragraph  
300.26 (a), is subject to all applicable penalties for failing to do so.

300.27 (c) If, at the end of any calendar month other than the last month of the calendar year,  
300.28 the aggregate amount of undeposited tax withheld by an employer who has elected to file  
300.29 an annual return exceeds \$500, the employer must deposit the aggregate amount with the  
300.30 commissioner within 30 days of the end of the calendar month.

300.31 (d) If an employer who has elected to file an annual return ceases to pay wages for which  
300.32 withholding is required, the employer must file a final return and deposit any undeposited

301.1 tax within 30 days of the end of the calendar month following the month in which the  
301.2 employer ceased paying wages.

301.3 (e) An employer not subject to paragraph (c) or (d) who elects to file an annual return  
301.4 must file the return and pay the tax not previously deposited before February 1 of the year  
301.5 following the year in which the tax was withheld.

301.6 (f) A notification to an employer regarding eligibility to file an annual return under  
301.7 Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

301.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
301.9 31, 2016.

301.10 Sec. 6. Minnesota Statutes 2016, section 289A.20, subdivision 2, is amended to read:

301.11 Subd. 2. **Withholding from wages, entertainer withholding, withholding from**  
301.12 **payments to out-of-state contractors, and withholding by partnerships, small business**  
301.13 **corporations, trusts.** (a) Except as provided in section 289A.18, subdivision 2a, a tax  
301.14 required to be deducted and withheld during the quarterly period must be paid on or before  
301.15 the last day of the month following the close of the quarterly period, unless an earlier time  
301.16 for payment is provided. A tax required to be deducted and withheld from compensation  
301.17 of an entertainer and from a payment to an out-of-state contractor must be paid on or before  
301.18 the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes  
301.19 required to be deducted and withheld by partnerships, S corporations, and trusts must be  
301.20 paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and  
301.21 trusts and under section 289A.26 for S corporations.

301.22 (b) An employer who, during the previous quarter, withheld more than \$1,500 of tax  
301.23 under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax  
301.24 withheld under those sections with the commissioner within the time allowed to deposit the  
301.25 employer's federal withheld employment taxes under Code of Federal Regulations, title 26,  
301.26 section 31.6302-1, as amended through December 31, 2001, without regard to the safe  
301.27 harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers  
301.28 must submit a copy of their federal notice of deposit status to the commissioner upon request  
301.29 by the commissioner.

301.30 (c) The commissioner may prescribe by rule other return periods or deposit requirements.  
301.31 In prescribing the reporting period, the commissioner may classify payors according to the  
301.32 amount of their tax liability and may adopt an appropriate reporting period for the class that

302.1 the commissioner judges to be consistent with efficient tax collection. In no event will the  
302.2 duration of the reporting period be more than one year.

302.3 (d) If less than the correct amount of tax is paid to the commissioner, proper adjustments  
302.4 with respect to both the tax and the amount to be deducted must be made, without interest,  
302.5 in the manner and at the times the commissioner prescribes. If the underpayment cannot be  
302.6 adjusted, the amount of the underpayment will be assessed and collected in the manner and  
302.7 at the times the commissioner prescribes.

302.8 (e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending  
302.9 June 30, the employer must remit each required deposit for wages paid in all subsequent  
302.10 calendar years by electronic means.

302.11 (f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a),  
302.12 clause (2), who remits withholding deposits must remit all deposits by electronic means as  
302.13 provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal  
302.14 year for all of the employers.

302.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
302.16 31, 2016.

302.17 Sec. 7. Minnesota Statutes 2016, section 289A.31, subdivision 1, is amended to read:

302.18 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**  
302.19 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining  
302.20 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
302.21 taxpayer upon whom the tax is imposed, except in the following cases:

302.22 (1) The tax due from a decedent for that part of the taxable year in which the decedent  
302.23 died during which the decedent was alive and the taxes, interest, and penalty due for the  
302.24 prior years must be paid by the decedent's personal representative, if any. If there is no  
302.25 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
302.26 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
302.27 decedent;

302.28 (2) The tax due from an infant or other incompetent person must be paid by the person's  
302.29 guardian or other person authorized or permitted by law to act for the person;

302.30 (3) The tax due from the estate of a decedent must be paid by the estate's personal  
302.31 representative;

303.1 (4) The tax due from a trust, including those within the definition of a corporation, as  
303.2 defined in section 290.01, subdivision 4, must be paid by a trustee; and

303.3 (5) The tax due from a taxpayer whose business or property is in charge of a receiver,  
303.4 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
303.5 of the business or property so far as the tax is due to the income from the business or property.

303.6 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
303.7 entertainment entity. The payor is liable to the state for the payment of the tax required to  
303.8 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
303.9 entertainer for the amount of the payment.

303.10 (c) The ~~tax~~ taxes imposed under ~~section~~ sections 289A.35 and 290.0922 on partnerships  
303.11 ~~is~~ are the joint and several liability of the partnership and the general partners.

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

303.13 Sec. 8. Minnesota Statutes 2016, section 289A.35, is amended to read:

303.14 **289A.35 ASSESSMENTS ON RETURNS.**

303.15 (a) The commissioner may audit and adjust the taxpayer's computation of federal taxable  
303.16 income, items of federal tax preferences, or federal credit amounts to make them conform  
303.17 with the provisions of chapter 290 or section 298.01. If a return has been filed, the  
303.18 commissioner shall enter the liability reported on the return and may make any audit or  
303.19 investigation that is considered necessary.

303.20 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the  
303.21 best interest of the state, the commissioner may allow S corporations and partnerships to  
303.22 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their  
303.23 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must  
303.24 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

303.25 (c) A taxpayer may petition the commissioner for the use of the method described in  
303.26 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an  
303.27 order of assessment has been issued.

303.28 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition  
303.29 of a taxpayer cannot be appealed to the Tax Court or any other court.

303.30 ~~(b)~~ (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
303.31 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
303.32 shall notify the estate no later than nine months after the filing date, as provided by section

304.1 289A.38, subdivision 2, whether the return is under examination or the return has been  
304.2 processed as filed.

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

304.4 Sec. 9. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

304.5 Subd. 28. **Preparer identification number.** Any Minnesota ~~individual~~ income tax return  
304.6 or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision  
304.7 13, paragraph (f), shall bear the identification number the preparer is required to use federally  
304.8 under section 6109(a)(4) of the Internal Revenue Code. A tax refund or return preparer who  
304.9 prepares a Minnesota ~~individual income tax~~ return required by section 289A.08, subdivisions  
304.10 1, 2, 3, and 7; or 289A.12, subdivision 3, or claim for refund and fails to include the required  
304.11 number on the return or claim is subject to a penalty of \$50 for each failure.

304.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
304.13 31, 2016.

304.14 Sec. 10. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

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

304.17 (b) "Long-term care insurance" means a policy that:

304.18 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding  
304.19 ~~the 7.5 percent~~ adjusted gross income test; or meets the requirements given in section 62A.46;  
304.20 or provides similar coverage issued under the laws of another jurisdiction; and

304.21 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

304.22 (3) has been offered in compliance with the inflation protection requirements of section  
304.23 62S.23.

304.24 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

304.25 (d) "Premiums deducted in determining federal taxable income" means the lesser of (1)  
304.26 long-term care insurance premiums that qualify as deductions under section 213 of the  
304.27 Internal Revenue Code; and (2) the total amount deductible for medical care under section  
304.28 213 of the Internal Revenue Code.

304.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
304.30 after December 31, 2012.



305.1 Sec. 11. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

305.2 Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings  
305.3 given.

305.4 (a) "Qualified research expenses" means (i) qualified research expenses and basic research  
305.5 payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does  
305.6 not include expenses incurred for qualified research or basic research conducted outside  
305.7 the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and  
305.8 (ii) contributions to a nonprofit corporation established and operated pursuant to the  
305.9 provisions of chapter 317A for the purpose of promoting the establishment and expansion  
305.10 of business in this state, provided the contributions are invested by the nonprofit corporation  
305.11 for the purpose of providing funds for small, technologically innovative enterprises in  
305.12 Minnesota during the early stages of their development.

305.13 (b) "Qualified research" means qualified research as defined in section 41(d) of the  
305.14 Internal Revenue Code, except that the term does not include qualified research conducted  
305.15 outside the state of Minnesota.

305.16 (c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue  
305.17 Code, except that the average annual gross receipts and aggregate gross receipts must be  
305.18 calculated using Minnesota sales or receipts under section 290.191 and the definitions  
305.19 contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

305.21 Sec. 12. Minnesota Statutes 2016, section 290.17, subdivision 2, is amended to read:

305.22 Subd. 2. **Income not derived from conduct of a trade or business.** The income of a  
305.23 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or  
305.24 business must be assigned in accordance with paragraphs (a) to (f):

305.25 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
305.26 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent  
305.27 that, the work of the employee is performed within it; all other income from such sources  
305.28 is treated as income from sources without this state.

305.29 Severance pay shall be considered income from labor or personal or professional services.

305.30 (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete  
305.31 or entertainer, income from compensation for labor or personal services performed within  
305.32 this state shall be determined in the following manner:

306.1 (i) The amount of income to be assigned to Minnesota for an individual who is a  
306.2 nonresident salaried athletic team employee shall be determined by using a fraction in which  
306.3 the denominator contains the total number of days in which the individual is under a duty  
306.4 to perform for the employer, and the numerator is the total number of those days spent in  
306.5 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted  
306.6 at the team's facilities as part of a team imposed program, are not included in the total number  
306.7 of duty days. Bonuses earned as a result of play during the regular season or for participation  
306.8 in championship, play-off, or all-star games must be allocated under the formula. Signing  
306.9 bonuses are not subject to allocation under the formula if they are not conditional on playing  
306.10 any games for the team, are payable separately from any other compensation, and are  
306.11 nonrefundable; and

306.12 (ii) The amount of income to be assigned to Minnesota for an individual who is a  
306.13 nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's  
306.14 athletic or entertainment performance in Minnesota shall be determined by assigning to this  
306.15 state all income from performances or athletic contests in this state.

306.16 (3) For purposes of this section, amounts received by a nonresident as "retirement income"  
306.17 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public  
306.18 Law 104-95, are not considered income derived from carrying on a trade or business or  
306.19 from wages or other compensation for work an employee performed in Minnesota, and are  
306.20 not taxable under this chapter.

306.21 (b) Income or gains from tangible property located in this state that is not employed in  
306.22 the business of the recipient of the income or gains must be assigned to this state.

306.23 (c) Income or gains from intangible personal property not employed in the business of  
306.24 the recipient of the income or gains must be assigned to this state if the recipient of the  
306.25 income or gains is a resident of this state or is a resident trust or estate.

306.26 Gain on the sale of a partnership interest is allocable to this state in the ratio of the  
306.27 original cost of partnership tangible property in this state to the original cost of partnership  
306.28 tangible property everywhere, determined at the time of the sale. If more than 50 percent  
306.29 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of  
306.30 the partnership interest is allocated to this state in accordance with the sales factor of the  
306.31 partnership for its first full tax period immediately preceding the tax period of the partnership  
306.32 during which the partnership interest was sold.

306.33 Gain on the sale of an interest in a single member limited liability company that is  
306.34 disregarded for federal income tax purposes is allocable to this state as if the single member

307.1 limited liability company did not exist and the assets of the limited liability company are  
307.2 personally owned by the sole member.

307.3 Gain on the sale of goodwill or income from a covenant not to compete that is connected  
307.4 with a business operating all or partially in Minnesota is allocated to this state to the extent  
307.5 that the income from the business in the year preceding the year of sale was ~~assignable~~  
307.6 allocable to Minnesota under subdivision 3.

307.7 When an employer pays an employee for a covenant not to compete, the income allocated  
307.8 to this state is in the ratio of the employee's service in Minnesota in the calendar year  
307.9 preceding leaving the employment of the employer over the total services performed by the  
307.10 employee for the employer in that year.

307.11 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
307.12 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
307.13 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

307.14 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the  
307.15 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

307.16 (f) For the purposes of this section, working as an employee shall not be considered to  
307.17 be conducting a trade or business.

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

307.19 Sec. 13. Minnesota Statutes 2016, section 290.31, subdivision 1, is amended to read:

307.20 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
307.21 section 289A.35, paragraph (b), a partnership as such shall not be subject to the income tax  
307.22 imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons  
307.23 carrying on business as partners shall be liable for income tax only in their separate or  
307.24 individual capacities.

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

307.26 Sec. 14. Minnesota Statutes 2016, section 290A.19, is amended to read:

307.27 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

307.28 (a) The owner or managing agent of any property for which rent is paid for occupancy  
307.29 as a homestead must furnish a certificate of rent paid to a person who is a renter on December  
307.30 31, in the form prescribed by the commissioner. If the renter moves before December 31,  
307.31 the owner or managing agent may give the certificate to the renter at the time of moving,

308.1 or mail the certificate to the forwarding address if an address has been provided by the  
308.2 renter. The certificate must be made available to the renter before February 1 of the year  
308.3 following the year in which the rent was paid. The owner or managing agent must retain a  
308.4 duplicate of each certificate or an equivalent record showing the same information for a  
308.5 period of three years. The duplicate or other record must be made available to the  
308.6 commissioner upon request.

308.7 (b) The commissioner may require the owner or managing agent, through a simple  
308.8 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
308.9 rent paid furnished to a renter for rent paid in the prior year, in the content, format, and  
308.10 manner prescribed by the commissioner pursuant to section 270C.30. Prior to implementation,  
308.11 the commissioner, after consulting with representatives of owners or managing agents, shall  
308.12 develop an implementation and administration plan for the requirements of this paragraph  
308.13 that attempts to minimize financial burdens, administration and compliance costs, and takes  
308.14 into consideration existing systems of owners and managing agents.

308.15 (c) For the purposes of this section, "owner" includes a park owner as defined under  
308.16 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
308.17 327C.01, subdivision 3.

308.18 **EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to  
308.19 a renter for rent paid after December 31, 2016.

308.20 Sec. 15. Minnesota Statutes 2016, section 291.016, subdivision 2, is amended to read:

308.21 Subd. 2. **Additions.** The following amounts, to the extent deducted in computing or  
308.22 otherwise excluded from the federal taxable estate, must be added in computing the  
308.23 Minnesota taxable estate:

308.24 (1) the amount of the deduction for state death taxes allowed under section 2058 of the  
308.25 Internal Revenue Code;

308.26 (2) the amount of the deduction for foreign death taxes allowed under section 2053(d)  
308.27 of the Internal Revenue Code; and

308.28 (3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal  
308.29 Revenue Code, made by the decedent within three years of the date of death. For purposes  
308.30 of this clause, the amount of the addition equals the value of the gift under section 2512 of  
308.31 the Internal Revenue Code and excludes any value of the gift included in the federal estate.

308.32 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
308.33 dying after June 30, 2013.

309.1 Sec. 16. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

309.2 Subd. 3. **Subtraction.** The following amounts, to the extent included in computing the  
309.3 federal taxable estate, may be subtracted in computing the Minnesota taxable estate but  
309.4 must not reduce the Minnesota taxable estate to less than zero:

309.5 (1) the value of property subject to an election under section 291.03, subdivision 1d;  
309.6 and

309.7 (2) the value of qualified small business property under section 291.03, subdivision 9,  
309.8 and the value of qualified farm property under section 291.03, subdivision 10, or the result  
309.9 of \$5,000,000 minus the amount for the year of death listed in clauses (1) to (5) items (i)  
309.10 to (v), whichever is less, may be subtracted in computing the Minnesota taxable estate but  
309.11 must not reduce the Minnesota taxable estate to less than zero:

309.12 ~~(1)~~ (i) \$1,200,000 for estates of decedents dying in 2014;

309.13 ~~(2)~~ (ii) \$1,400,000 for estates of decedents dying in 2015;

309.14 ~~(3)~~ (iii) \$1,600,000 for estates of decedents dying in 2016;

309.15 ~~(4)~~ (iv) \$1,800,000 for estates of decedents dying in 2017; and

309.16 ~~(5)~~ (v) \$2,000,000 for estates of decedents dying in 2018 and thereafter.

309.17 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
309.18 dying after June 30, 2011.

309.19 Sec. 17. Minnesota Statutes 2016, section 291.03, subdivision 9, is amended to read:

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

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

309.23 (2) The property consists of the assets of a trade or business or shares of stock or other  
309.24 ownership interests in a corporation or other entity engaged in a trade or business. Shares  
309.25 of stock in a corporation or an ownership interest in another type of entity do not qualify  
309.26 under this subdivision if the shares or ownership interests are traded on a public stock  
309.27 exchange at any time during the three-year period ending on the decedent's date of death.  
309.28 For purposes of this subdivision, an ownership interest includes the interest the decedent is  
309.29 deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

309.30 (3) During the taxable year that ended before the decedent's death, the trade or business  
309.31 must not have been a passive activity within the meaning of section 469(c) of the Internal

310.1 Revenue Code, and the decedent or the decedent's spouse must have materially participated  
310.2 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,  
310.3 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided  
310.4 by United States Treasury Department regulation that substitutes material participation in  
310.5 prior taxable years for material participation in the taxable year that ended before the  
310.6 decedent's death.

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

310.9 (5) The property does not ~~consist of~~ include:

310.10 (i) cash;<sub>2</sub>

310.11 (ii) cash equivalents;<sub>2</sub>

310.12 (iii) publicly traded securities;<sub>2</sub> or

310.13 (iv) any assets not used in the operation of the trade or business.

310.14 (6) For property consisting of shares of stock or other ownership interests in an entity,  
310.15 the value of ~~cash, cash equivalents, publicly traded securities, or assets not used in the~~  
310.16 ~~operation of the trade or business held by the corporation or other entity~~ items described in  
310.17 clause (5) must be ~~deducted from the value of the property qualifying under this subdivision~~  
310.18 ~~in proportion to the decedent's share of ownership of the entity on the date of death~~ excluded  
310.19 in the valuation of the decedent's interest in the entity.

310.20 ~~(6)~~ (7) The decedent continuously owned the property, including property the decedent  
310.21 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for  
310.22 the three-year period ending on the date of death of the decedent. In the case of a sole  
310.23 proprietor, if the property replaced similar property within the three-year period, the  
310.24 replacement property will be treated as having been owned for the three-year period ending  
310.25 on the date of death of the decedent.

310.26 ~~(7)~~ (8) For three years following the date of death of the decedent, the trade or business  
310.27 is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,  
310.28 and a family member materially participates in the operation of the trade or business within  
310.29 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)  
310.30 of the Internal Revenue Code and any other provision provided by United States Treasury  
310.31 Department regulation that substitutes material participation in prior taxable years for  
310.32 material participation in the three years following the date of death of the decedent.

311.1 ~~(8)~~ (9) The estate and the qualified heir elect to treat the property as qualified small  
311.2 business property and agree, in the form prescribed by the commissioner, to pay the recapture  
311.3 tax under subdivision 11, if applicable.

311.4 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
311.5 dying after June 30, 2011.

311.6 Sec. 18. Minnesota Statutes 2016, section 291.03, subdivision 11, is amended to read:

311.7 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before  
311.8 the death of the qualified heir, the qualified heir disposes of any interest in the qualified  
311.9 property, other than by a disposition to a family member, or a family member ceases to  
311.10 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate  
311.11 tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces  
311.12 qualified small business property excluded under subdivision 9 with similar property, then  
311.13 the qualified heir will not be treated as having disposed of an interest in the qualified property.

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

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

311.18 (d) This subdivision shall not apply as a result of any of the following:

311.19 (1) a portion of qualified farm property consisting of less than one-fifth of the acreage  
311.20 of the property is reclassified as class 2b property under section 273.13, subdivision 23, and  
311.21 the qualified heir has not substantially altered the reclassified property during the three-year  
311.22 holding period; or

311.23 (2) a portion of qualified farm property classified as 2a property at the death of the  
311.24 decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence,  
311.25 garage, and immediately surrounding one acre of land is reclassified as 4bb property during  
311.26 the three-year holding period, and the qualified heir has not substantially altered the property.

311.27 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
311.28 dying after June 30, 2011.

311.29 Sec. 19. **REPEALER.**

311.30 (a) Minnesota Rules, part 8092.1400, is repealed.

311.31 (b) Minnesota Rules, part 8092.2000, is repealed.

312.1 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
312.2 December 31, 2016, except that notifications from the Department of Revenue to employers  
312.3 regarding eligibility to file an annual return for taxes withheld in calendar year 2017 remain  
312.4 in force. Paragraph (b) is effective the day following final enactment.

312.5 **ARTICLE 17**

312.6 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL**  
312.7 **PROVISIONS; SPECIAL TAXES AND SALES AND USE TAXES**

312.8 Section 1. Minnesota Statutes 2016, section 69.021, subdivision 5, is amended to read:

312.9 **Subd. 5. Calculation of state aid.** (a) The amount of fire state aid available for  
312.10 apportionment, before the addition of the minimum fire state aid allocation amount under  
312.11 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon  
312.12 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
312.13 commissioner by insurers on the Minnesota Firetown Premium Report. This amount must  
312.14 be reduced by the amount required to pay the state auditor's costs and expenses of the audits  
312.15 or exams of the firefighters relief associations.

312.16 The total amount for apportionment in respect to fire state aid must not be less than two  
312.17 percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown  
312.18 Premium Report after subtracting the following amounts:

312.19 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
312.20 exams of the firefighters relief associations; and

312.21 (2) one percent of the premiums reported by ~~town and farmers'~~ township mutual insurance  
312.22 companies and mutual property and casualty companies with total assets of \$5,000,000 or  
312.23 less.

312.24 (b) The total amount for apportionment as police state aid is equal to 104 percent of the  
312.25 amount of premium taxes paid to the state on the premiums reported to the commissioner  
312.26 by insurers on the Minnesota Aid to Police Premium Report. The total amount for  
312.27 apportionment in respect to the police state aid program must not be less than two percent  
312.28 of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid  
312.29 to Police Premium Report.

312.30 (c) The commissioner shall calculate the percentage of increase or decrease reflected in  
312.31 the apportionment over or under the previous year's available state aid using the same  
312.32 premiums as a basis for comparison.



313.1 (d) In addition to the amount for apportionment of police state aid under paragraph (b),  
313.2 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
313.3 this increase is annually appropriated from the general fund.

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

313.5 Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

313.6 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within  
313.7 6-1/2 years after the due date of the return or the date the return was filed, whichever is  
313.8 later, if:

313.9 (1) the taxpayer omits from gross income an amount properly includable in it that is in  
313.10 excess of 25 percent of the amount of gross income stated in the return;

313.11 (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax  
313.12 imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes  
313.13 reported in the return; or

313.14 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross  
313.15 estate reported in the return.

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

313.17 Sec. 3. Minnesota Statutes 2016, section 290.0922, subdivision 2, is amended to read:

313.18 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this  
313.19 section:

313.20 (1) corporations exempt from tax under section 290.05;

313.21 (2) real estate investment trusts;

313.22 (3) regulated investment companies or a fund thereof; and

313.23 (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue  
313.24 Code;

313.25 (5) ~~town and farmers'~~ township mutual insurance companies;

313.26 (6) cooperatives organized under chapter 308A or 308B that provide housing exclusively  
313.27 to persons age 55 and over and are classified as homesteads under section 273.124,  
313.28 subdivision 3; and

313.29 (7) a qualified business as defined under section 469.310, subdivision 11, if for the  
313.30 taxable year all of its property is located in a job opportunity building zone designated under

314.1 section 469.314 and all of its payroll is a job opportunity building zone payroll under section  
314.2 469.310.

314.3 Entities not specifically exempted by this subdivision are subject to tax under this section,  
314.4 notwithstanding section 290.05.

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

314.6 Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

314.7 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total  
314.8 amount of tax, if any, the pharmacy owes during that calendar year under section 295.52,  
314.9 subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug  
314.10 distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by  
314.11 the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section  
314.12 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy  
314.13 under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a  
314.14 refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on  
314.15 the annual return as ~~provided under section 295.55, subdivision 5~~ prescribed by the  
314.16 commissioner, on or before March 15 of the year following the calendar year the legend  
314.17 drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months~~  
314.18 ~~from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the  
314.19 initial claim for refund is filed more than one year after the original due date of the return.  
314.20 Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a  
314.21 claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due  
314.22 date of the return if a return is due or the date of the actual claim for refund, whichever is  
314.23 later.

314.24 **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered  
314.25 outside Minnesota after December 31, 2017.

314.26 Sec. 5. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to  
314.27 read:

314.28 Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility"  
314.29 means a single property, or contiguous or adjacent properties used for a common purpose  
314.30 and owned or operated by the same person, on or in which are located one or more stationary  
314.31 tanks that are used singularly or in combination for the storage or containment of more than  
314.32 1,100 gallons of petroleum.

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

315.2 Sec. 6. Minnesota Statutes 2016, section 296A.01, subdivision 33, is amended to read:

315.3 Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless  
315.4 of its composition or properties, used to propel a motor vehicle.

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

315.6 Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 42, is amended to read:

315.7 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products defined  
315.8 in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

315.10 Sec. 8. Minnesota Statutes 2016, section 296A.07, subdivision 1, is amended to read:

315.11 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline  
315.12 blended with ethanol, and agricultural alcohol gasoline used in producing and generating  
315.13 power for propelling motor vehicles used on the public highways of this state. The tax is  
315.14 imposed on the first licensed distributor who received the product in Minnesota. For purposes  
315.15 of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18, 20, 23, 24,  
315.16 25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the  
315.17 commissioner. The tax is payable at the rates specified in subdivision 3, subject to the  
315.18 exceptions and reductions specified in section 296A.17.

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

315.20 Sec. 9. Minnesota Statutes 2016, section 297A.82, subdivision 4, is amended to read:

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

315.23 (b) The purchase or use of aircraft previously registered in Minnesota by a corporation  
315.24 or partnership is exempt if the transfer constitutes a transfer within the meaning of section  
315.25 351 or 721 of the Internal Revenue Code.

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

316.1 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline  
316.2 companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this  
316.3 subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and  
316.4 maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes~~  
316.5 aircraft with a gross maximum takeoff weight of less than 30,000 pounds that are used on  
316.6 intermittent or irregularly timed flights.

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

316.17 (f) The sale or purchase of the following items that relate to aircraft operated under  
316.18 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:  
316.19 equipment and parts necessary for repair and maintenance of aircraft; and equipment and  
316.20 parts to upgrade and improve aircraft.

316.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
316.22 December 31, 2017.

316.23 Sec. 10. Minnesota Statutes 2016, section 297A.82, subdivision 4a, is amended to read:

316.24 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties,  
316.25 collected from the sale or purchase of an aircraft taxable under this chapter must be deposited  
316.26 in the state airports fund established in section 360.017. For purposes of this subdivision,  
316.27 "revenue" does not include the revenue, including interest and penalties, generated by the  
316.28 sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as  
316.29 provided under article XI, section 15, of the Minnesota Constitution.

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

317.1 Sec. 11. Minnesota Statutes 2016, section 297E.02, subdivision 7, is amended to read:

317.2 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions  
317.3 imposed by this chapter, a person, organization, or business entity possessing or selling a  
317.4 pull-tab, electronic pull-tab game, raffle board, or tipboard upon which the tax imposed by  
317.5 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each  
317.6 pull-tab, electronic pull-tab game, raffle board, or tipboard. The tax on a partial deal must  
317.7 be assessed as if it were a full deal.

317.8 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1)  
317.9 not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles,  
317.10 or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to  
317.11 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six  
317.12 percent of the gross receipts from that activity.

317.13 (c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be considered  
317.14 a jeopardy assessment or jeopardy collection as provided in section 270C.36. The  
317.15 commissioner shall assess the tax based on personal knowledge or information available to  
317.16 the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known  
317.17 address, or serve in person, a written notice of the amount of tax, demand its immediate  
317.18 payment, and, if payment is not immediately made, collect the tax by any method described  
317.19 in chapter 270C, except that the commissioner need not await the expiration of the times  
317.20 specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid  
317.21 and correctly determined and assessed. The burden is upon the taxpayer to show its  
317.22 incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling  
317.23 that is exempt from taxation under subdivision 2.

317.24 (d) A person, organization, or business entity conducting gambling activity under this  
317.25 subdivision must file monthly tax returns with the commissioner, in the form required by  
317.26 the commissioner. The returns must be filed on or before the 20th day of the month following  
317.27 the month in which the gambling activity occurred. The tax imposed by this section is due  
317.28 and payable at the time when the returns are required to be filed.

317.29 (e) Notwithstanding any law to the contrary, neither the commissioner nor a public  
317.30 employee may reveal facts contained in a tax return filed with the commissioner of revenue  
317.31 as required by this subdivision, nor can any information contained in the report or return  
317.32 be used against the tax obligor in any criminal proceeding, unless independently obtained,  
317.33 except in connection with a proceeding involving taxes due under this section, or as provided  
317.34 in section 270C.055, subdivision 1. However, this paragraph does not prohibit the

318.1 commissioner from publishing statistics that do not disclose the identity of tax obligors or  
318.2 the contents of particular returns or reports. Any person violating this paragraph is guilty  
318.3 of a gross misdemeanor.

318.4 **EFFECTIVE DATE.** This section is effective for games played or purchased after June  
318.5 30, 2017.

318.6 Sec. 12. Minnesota Statutes 2016, section 297H.06, subdivision 2, is amended to read:

318.7 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal  
318.8 solid waste or upon the volume of nonmixed municipal solid waste for waste management  
318.9 services to manage the following materials:

318.10 (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside  
318.11 of Minnesota;

318.12 (2) recyclable materials that are separated for recycling by the generator, collected  
318.13 separately from other waste, and recycled, to the extent the price of the service for handling  
318.14 recyclable material is separately itemized on a bill to the generator;

318.15 (3) recyclable nonmixed municipal solid waste that is separated for recycling by the  
318.16 generator, collected separately from other waste, delivered to a waste facility for the purpose  
318.17 of recycling, and recycled;

318.18 (4) industrial waste, when it is transported to a facility owned and operated by the same  
318.19 person that generated it;

318.20 (5) mixed municipal solid waste from a recycling facility that separates or processes  
318.21 recyclable materials and reduces the volume of the waste by at least 85 percent, provided  
318.22 that the exempted waste is managed separately from other waste;

318.23 (6) recyclable materials that are separated from mixed municipal solid waste by the  
318.24 generator, collected and delivered to a waste facility that recycles at least 85 percent of its  
318.25 waste, and are collected with mixed municipal solid waste that is segregated in leakproof  
318.26 bags, provided that the mixed municipal solid waste does not exceed five percent of the  
318.27 total weight of the materials delivered to the facility and is ultimately delivered to a waste  
318.28 facility identified as a preferred waste management facility in county solid waste plans  
318.29 under section 115A.46;

318.30 (7) source-separated compostable ~~waste~~ materials, if the ~~waste is~~ materials are delivered  
318.31 to a facility exempted as described in this clause. To initially qualify for an exemption, a  
318.32 facility must apply for an exemption in its application for a new or amended solid waste

319.1 permit to the Pollution Control Agency. The first time a facility applies to the agency it  
 319.2 must certify in its application that it will comply with the criteria in items (i) to (v) and the  
 319.3 commissioner of the agency shall so certify to the commissioner of revenue who must grant  
 319.4 the exemption. The facility must annually apply to the agency for certification to renew its  
 319.5 exemption for the following year. The application must be filed according to the procedures  
 319.6 of, and contain the information required by, the agency. The commissioner of revenue shall  
 319.7 grant the exemption if the commissioner of the Pollution Control Agency finds and certifies  
 319.8 to the commissioner of revenue that based on an evaluation of the composition of incoming  
 319.9 waste and residuals and the quality and use of the product:

319.10 (i) generators separate materials at the source;

319.11 (ii) the separation is performed in a manner appropriate to the technology specific to the  
 319.12 facility that:

319.13 (A) maximizes the quality of the product;

319.14 (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and

319.15 (C) provides an opportunity for significant improvement in the environmental efficiency  
 319.16 of the operation;

319.17 (iii) the operator of the facility educates generators, in coordination with each county  
 319.18 using the facility, about separating the waste to maximize the quality of the waste stream  
 319.19 for technology specific to the facility;

319.20 (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total material  
 319.21 delivered to the facility; and

319.22 (v) the final product is accepted for use;

319.23 (8) waste and waste by-products for which the tax has been paid; and

319.24 (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution  
 319.25 Control Agency.

319.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

319.27 Sec. 13. Minnesota Statutes 2016, section 297I.05, subdivision 2, is amended to read:

319.28 Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on ~~town~~  
 319.29 ~~and farmers'~~ township mutual insurance companies. The rate of tax is equal to one percent  
 319.30 of gross premiums less return premiums on all direct business received by the insurer or  
 319.31 agents of the insurer in Minnesota, in cash or otherwise, during the year.

320.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

320.2 Sec. 14. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

320.3 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a  
320.4 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross  
320.5 premiums, less return premiums, on all direct business received by any licensed foreign or  
320.6 domestic fire insurance company on property in a city of the first class, or by its agents for  
320.7 it, in cash or otherwise.

320.8 (b) By July 31 and December 31 of each year, the commissioner ~~of management and~~  
320.9 ~~budget~~ shall pay to each city of the first class a warrant for an amount equal to the total  
320.10 amount of the surcharge on the premiums collected within that city since the previous  
320.11 payment.

320.12 (c) The treasurer of the city shall place the money received under this subdivision in a  
320.13 special account or fund to defray all or a portion of the employer contribution requirement  
320.14 of public employees police and fire plan coverage for city firefighters.

320.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

320.16 Sec. 15. Minnesota Statutes 2016, section 297I.10, subdivision 3, is amended to read:

320.17 Subd. 3. **Appropriation.** The amount necessary to make the payments required under  
320.18 this section is appropriated to the commissioner ~~of management and budget~~ from the general  
320.19 fund.

320.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

320.21 Sec. 16. Minnesota Statutes 2016, section 298.01, subdivision 4c, is amended to read:

320.22 Subd. 4c. **Special deductions; net operating loss.** ~~(a)~~ For purposes of determining  
320.23 taxable income under subdivision 4, the provisions of sections 290.0133, subdivisions 7  
320.24 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

320.25 ~~(b) The amount of net operating loss incurred in a taxable year beginning before January~~  
320.26 ~~1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is~~  
320.27 ~~the amount of net operating loss carryover determined in the calculation of the hypothetical~~  
320.28 ~~corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.~~

320.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.



321.1

**ARTICLE 18**

321.2

**DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; PROPERTY TAX**

321.3

321.4 Section 1. Minnesota Statutes 2016, section 13.51, subdivision 2, is amended to read:

321.5 Subd. 2. **Income property assessment data.** The following data collected by political  
321.6 subdivisions and the state from individuals or business entities concerning income properties  
321.7 are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

321.8 (a) detailed income and expense figures;

321.9 (b) average vacancy factors;

321.10 (c) verified net rentable areas or net usable areas, whichever is appropriate;

321.11 (d) anticipated income and expenses;

321.12 (e) projected vacancy factors; and

321.13 (f) lease information.

321.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

321.15 Sec. 2. Minnesota Statutes 2016, section 270.071, subdivision 2, is amended to read:

321.16 Subd. 2. **Air commerce.** ~~(a)~~ "Air commerce" means the transportation by aircraft of  
321.17 persons or property for hire in interstate, intrastate, or international transportation on regularly  
321.18 scheduled flights or on intermittent or irregularly timed flights by airline companies and  
321.19 includes transportation by any airline company making three or more flights in or out of  
321.20 Minnesota, or within Minnesota, during a calendar year.

321.21 ~~(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed~~  
321.22 ~~flight, a flight arranged at the convenience of an airline and the person contracting for the~~  
321.23 ~~transportation, or a charter flight. It includes any airline company making three or more~~  
321.24 ~~flights in or out of Minnesota during a calendar year.~~

321.25 ~~(c) "Air commerce" does not include casual transportation for hire by aircraft commonly~~  
321.26 ~~owned and used for private air flight purposes if the person furnishing the transportation~~  
321.27 ~~does not hold out to be engaged regularly in transportation for hire.~~

321.28 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

322.1 Sec. 3. Minnesota Statutes 2016, section 270.071, subdivision 7, is amended to read:

322.2 Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment used  
322.3 in connection therewith, including spare flight equipment. Flight property also includes  
322.4 computers and computer software used in operating, controlling, or regulating aircraft and  
322.5 flight equipment. Flight property does not include aircraft with a maximum takeoff weight  
322.6 of less than 30,000 pounds.

322.7 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

322.8 Sec. 4. Minnesota Statutes 2016, section 270.071, subdivision 8, is amended to read:

322.9 Subd. 8. **Person.** "Person" means ~~any an~~ individual, ~~corporation, firm, copartnership,~~  
322.10 ~~company, or association, and includes any guardian, trustee, executor, administrator, receiver,~~  
322.11 ~~conservator, or any person acting in any fiduciary capacity therefor~~ trust, estate, fiduciary,  
322.12 partnership, company, corporation, limited liability company, association, governmental  
322.13 unit or agency, public or private organization of any kind, or other legal entity.

322.14 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

322.15 Sec. 5. Minnesota Statutes 2016, section 270.071, is amended by adding a subdivision to  
322.16 read:

322.17 Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly timed  
322.18 flights" means any flight in which the departure time, departure location, and arrival location  
322.19 are specifically negotiated with the customer or the customer's representative, including but  
322.20 not limited to charter flights.

322.21 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

322.22 Sec. 6. Minnesota Statutes 2016, section 270.072, subdivision 2, is amended to read:

322.23 Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is leased,  
322.24 loaned, or otherwise made available to an airline company operating in Minnesota shall be  
322.25 assessed and appraised annually by the commissioner with reference to its value on January  
322.26 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft~~  
322.27 ~~with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed~~  
322.28 ~~flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

322.29 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

323.1 Sec. 7. Minnesota Statutes 2016, section 270.072, subdivision 3, is amended to read:

323.2 Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every airline  
323.3 company engaged in air commerce in this state shall file with the commissioner a report  
323.4 under oath setting forth specifically the information prescribed by the commissioner to  
323.5 enable the commissioner to make the assessment required in sections 270.071 to 270.079,  
323.6 unless the commissioner determines that the airline company ~~or person should be excluded~~  
323.7 ~~from~~ is exempt from filing ~~because its activities do not constitute air commerce as defined~~  
323.8 herein.

323.9 (b) The commissioner shall prescribe the content, format, and manner of the report  
323.10 pursuant to section 270C.30, except that a "law administered by the commissioner" includes  
323.11 the property tax laws. If a report is made by electronic means, the taxpayer's signature is  
323.12 defined pursuant to section 270C.304, except that a "law administered by the commissioner"  
323.13 includes the property tax laws.

323.14 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports filed in  
323.15 2018 and thereafter. The amendment adding paragraph (b) is effective the day following  
323.16 final enactment.

323.17 Sec. 8. Minnesota Statutes 2016, section 270.072, is amended by adding a subdivision to  
323.18 read:

323.19 Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report required  
323.20 by subdivision 3, the commissioner may, from information in the commissioner's possession  
323.21 or obtainable by the commissioner, make and file a report for the airline company, or may  
323.22 issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

323.23 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

323.24 Sec. 9. Minnesota Statutes 2016, section 270.12, is amended by adding a subdivision to  
323.25 read:

323.26 Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a  
323.27 considerable amount of property has been undervalued or overvalued compared to like  
323.28 property such that the assessment is grossly unfair or inequitable, the State Board of  
323.29 Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders  
323.30 to the county assessor to reassess all parcels or an identified set of parcels in a county.

323.31 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

324.1 Sec. 10. Minnesota Statutes 2016, section 270C.89, subdivision 1, is amended to read:

324.2 Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the  
324.3 commissioner a copy of the abstract that will be acted upon by the local and county boards  
324.4 of review. The abstract must list the real and personal property in the county itemized by  
324.5 assessment districts. The assessor of each county in the state shall file with the commissioner,  
324.6 within ten working days following final action of the local board of review or equalization  
324.7 and within five days following final action of the county board of equalization, any changes  
324.8 made by the local or county board. The information must be filed in the manner prescribed  
324.9 by the commissioner. ~~It must be accompanied by a printed or typewritten copy of the~~  
324.10 ~~proceedings of the appropriate board.~~

324.11 **EFFECTIVE DATE.** This section is effective for local and county boards of appeal  
324.12 and equalization meetings held in 2017 and thereafter.

324.13 Sec. 11. Minnesota Statutes 2016, section 272.02, subdivision 9, is amended to read:

324.14 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property  
324.15 enumerated below, all personal property and the property described in section 272.03,  
324.16 subdivision 1, paragraphs (c) and (d), shall be exempt.

324.17 The following personal property shall be taxable:

324.18 (a) personal property which is part of (1) an electric generating, transmission, or  
324.19 distribution system ~~or~~; (2) a pipeline system transporting or distributing ~~water, gas, crude~~  
324.20 ~~oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot  
324.21 or chilled water for heating or cooling buildings and structures;

324.22 (b) railroad docks and wharves which are part of the operating property of a railroad  
324.23 company as defined in section 270.80;

324.24 (c) personal property defined in section 272.03, subdivision 2, clause (3);

324.25 (d) leasehold or other personal property interests which are taxed pursuant to section  
324.26 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
324.27 providing the property is taxable as if the lessee or user were the fee owner;

324.28 (e) manufactured homes and sectional structures, including storage sheds, decks, and  
324.29 similar removable improvements constructed on the site of a manufactured home, sectional  
324.30 structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph  
324.31 (f); and

324.32 (f) flight property as defined in section 270.071.

325.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

325.2 Sec. 12. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

325.3 Subd. 2. **Definitions.** (a) For the purposes of this section, ~~the term~~:

325.4 (1) "wind energy conversion system" has the meaning given in section 216C.06,  
325.5 subdivision 19, and also includes a substation that is used and owned by one or more wind  
325.6 energy conversion facilities;

325.7 (2) "large scale wind energy conversion system" means a wind energy conversion system  
325.8 of more than 12 megawatts, as measured by the nameplate capacity of the system or as  
325.9 combined with other systems as provided in paragraph (b);

325.10 (3) "medium scale wind energy conversion system" means a wind energy conversion  
325.11 system of over two and not more than 12 megawatts, as measured by the nameplate capacity  
325.12 of the system or as combined with other systems as provided in paragraph (b); and

325.13 (4) "small scale wind energy conversion system" means a wind energy conversion system  
325.14 of two megawatts and under, as measured by the nameplate capacity of the system or as  
325.15 combined with other systems as provided in paragraph (b).

325.16 (b) For systems installed and contracted for after January 1, 2002, the total size of a  
325.17 wind energy conversion system under this subdivision shall be determined according to this  
325.18 paragraph. Unless the systems are interconnected with different distribution systems, the  
325.19 nameplate capacity of one wind energy conversion system shall be combined with the  
325.20 nameplate capacity of any other wind energy conversion system that is:

325.21 (1) located within five miles of the wind energy conversion system;

325.22 (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy  
325.23 conversion system; and

325.24 (3) under common ownership.

325.25 In the case of a dispute, the commissioner of commerce shall determine the total size of  
325.26 the system, and shall draw all reasonable inferences in favor of combining the systems.

325.27 (c) In making a determination under paragraph (b), the commissioner of commerce may  
325.28 determine that two wind energy conversion systems are under common ownership when  
325.29 the underlying ownership structure contains similar persons or entities, even if the ownership  
325.30 shares differ between the two systems. Wind energy conversion systems are not under  
325.31 common ownership solely because the same person or entity provided equity financing for  
325.32 the systems.

326.1 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

326.2 Sec. 13. Minnesota Statutes 2016, section 272.029, is amended by adding a subdivision  
326.3 to read:

326.4 Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing  
326.5 the report required by subdivision 4. The extension must not exceed 15 days.

326.6 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

326.7 Sec. 14. Minnesota Statutes 2016, section 273.061, subdivision 7, is amended to read:

326.8 Subd. 7. **Division of duties between local and county assessor.** The duty of the duly  
326.9 appointed local assessor shall be to view and appraise the value of all property as provided  
326.10 by law, but all the book work shall be done by the county assessor, or the assessor's assistants,  
326.11 and the value of all property subject to assessment and taxation shall be determined by the  
326.12 county assessor, except as otherwise hereinafter provided. If directed by the county assessor,  
326.13 the local assessor ~~shall~~ must perform the duties enumerated in subdivision 8, clause (16),  
326.14 and must enter construction and valuation data into the records in the manner prescribed  
326.15 by the county assessor.

326.16 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

326.17 Sec. 15. Minnesota Statutes 2016, section 273.08, is amended to read:

326.18 **273.08 ASSESSOR'S DUTIES.**

326.19 The assessor shall actually view, and determine the market value of each tract or lot of  
326.20 real property listed for taxation, including the value of all improvements and structures  
326.21 thereon, at maximum intervals of five years and shall enter the value opposite each  
326.22 description. When directed by the county assessor, local assessors must enter construction  
326.23 and valuation data into the records in the manner prescribed by the county assessor.

326.24 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

326.25 Sec. 16. Minnesota Statutes 2016, section 273.121, is amended by adding a subdivision  
326.26 to read:

326.27 Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a  
326.28 county assessor, who does not comply with the timely notice requirement under subdivision  
326.29 1 must:

327.1 (1) mail an additional valuation notice to each person who was not provided timely  
327.2 notice; and

327.3 (2) convene a supplemental local board of appeal and equalization or local review session  
327.4 no sooner than ten days after sending the additional notices required by clause (1).

327.5 **EFFECTIVE DATE.** This section is effective for valuation notices sent in 2018 and  
327.6 thereafter.

327.7 Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

327.8 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
327.9 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
327.10 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
327.11 property is deemed to be used for homestead purposes. The market value of class 1a property  
327.12 must be determined based upon the value of the house, garage, and land.

327.13 The first \$500,000 of market value of class 1a property has a net classification rate of  
327.14 one percent of its market value; and the market value of class 1a property that exceeds  
327.15 \$500,000 has a classification rate of 1.25 percent of its market value.

327.16 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
327.17 used for the purposes of a homestead by:

327.18 (1) any person who is blind as defined in section 256D.35, or the blind person and the  
327.19 blind person's spouse;

327.20 (2) any person who is permanently and totally disabled or by the disabled person and  
327.21 the disabled person's spouse; or

327.22 (3) the surviving spouse of a permanently and totally disabled veteran homesteading a  
327.23 property classified under this paragraph for taxes payable in 2008.

327.24 Property is classified and assessed under clause (2) only if the government agency or  
327.25 income-providing source certifies, upon the request of the homestead occupant, that the  
327.26 homestead occupant satisfies the disability requirements of this paragraph, and that the  
327.27 property is not eligible for the valuation exclusion under subdivision 34.

327.28 Property is classified and assessed under paragraph (b) only if the commissioner of  
327.29 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
327.30 of this paragraph.

327.31 Permanently and totally disabled for the purpose of this subdivision means a condition  
327.32 which is permanent in nature and totally incapacitates the person from working at an

328.1 occupation which brings the person an income. The first \$50,000 market value of class 1b  
328.2 property has a net classification rate of .45 percent of its market value. The remaining market  
328.3 value of class 1b property ~~has a classification rate using the rates for~~ is classified as class  
328.4 1a or class 2a property, whichever is appropriate, ~~of similar market value.~~

328.5 (c) Class 1c property is commercial use real and personal property that abuts public  
328.6 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
328.7 seasonal residential occupancy for recreational purposes but not devoted to commercial  
328.8 purposes for more than 250 days in the year preceding the year of assessment, and that  
328.9 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
328.10 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
328.11 partnership that owns the resort, or a member of a limited liability company that owns the  
328.12 resort even if the title to the homestead is held by the corporation, partnership, or limited  
328.13 liability company. For purposes of this paragraph, property is devoted to a commercial  
328.14 purpose on a specific day if any portion of the property, excluding the portion used  
328.15 exclusively as a homestead, is used for residential occupancy and a fee is charged for  
328.16 residential occupancy. Class 1c property must contain three or more rental units. A "rental  
328.17 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping  
328.18 site equipped with water and electrical hookups for recreational vehicles. Class 1c property  
328.19 must provide recreational activities such as the rental of ice fishing houses, boats and motors,  
328.20 snowmobiles, downhill or cross-country ski equipment; provide marina services, launch  
328.21 services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use  
328.22 the property is transferred to an individual or entity by deeded interest, or the sale of shares  
328.23 or stock, no longer qualifies for class 1c even though it may remain available for rent. A  
328.24 camping pad offered for rent by a property that otherwise qualifies for class 1c is also class  
328.25 1c, regardless of the term of the rental agreement, as long as the use of the camping pad  
328.26 does not exceed 250 days. If the same owner owns two separate parcels that are located in  
328.27 the same township, and one of those properties is classified as a class 1c property and the  
328.28 other would be eligible to be classified as a class 1c property if it was used as the homestead  
328.29 of the owner, both properties will be assessed as a single class 1c property; for purposes of  
328.30 this sentence, properties are deemed to be owned by the same owner if each of them is  
328.31 owned by a limited liability company, and both limited liability companies have the same  
328.32 membership. The portion of the property used as a homestead is class 1a property under  
328.33 paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of  
328.34 market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining  
328.35 market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II,  
328.36 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to



329.1 temporary and seasonal residential occupancy for recreation purposes in which all or a  
329.2 portion of the property was devoted to commercial purposes for not more than 250 days in  
329.3 the year preceding the year of assessment desiring classification as class 1c, must submit a  
329.4 declaration to the assessor designating the cabins or units occupied for 250 days or less in  
329.5 the year preceding the year of assessment by January 15 of the assessment year. Those  
329.6 cabins or units and a proportionate share of the land on which they are located must be  
329.7 designated as class 1c as otherwise provided. The remainder of the cabins or units and a  
329.8 proportionate share of the land on which they are located must be designated as class 3a  
329.9 commercial. The owner of property desiring designation as class 1c property must provide  
329.10 guest registers or other records demonstrating that the units for which class 1c designation  
329.11 is sought were not occupied for more than 250 days in the year preceding the assessment  
329.12 if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,  
329.13 (4) conference center or meeting room, and (5) other nonresidential facility operated on a  
329.14 commercial basis not directly related to temporary and seasonal residential occupancy for  
329.15 recreation purposes does not qualify for class 1c.

329.16 (d) Class 1d property includes structures that meet all of the following criteria:

329.17 (1) the structure is located on property that is classified as agricultural property under  
329.18 section 273.13, subdivision 23;

329.19 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
329.20 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
329.21 the property, provided that use of the structure for storage of farm equipment and produce  
329.22 does not disqualify the property from classification under this paragraph;

329.23 (3) the structure meets all applicable health and safety requirements for the appropriate  
329.24 season; and

329.25 (4) the structure is not salable as residential property because it does not comply with  
329.26 local ordinances relating to location in relation to streets or roads.

329.27 The market value of class 1d property has the same classification rates as class 1a property  
329.28 under paragraph (a).

329.29 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

329.30 Sec. 18. Minnesota Statutes 2016, section 273.33, subdivision 1, is amended to read:

329.31 Subdivision 1. **Listing and assessment in county.** The personal property of express,  
329.32 stage and transportation companies, and of pipeline companies engaged in the business of  
329.33 transporting ~~natural gas, gasoline, crude oil, or other petroleum products,~~ except as otherwise

330.1 provided by law, shall be listed and assessed in the county, town or district where the same  
330.2 is usually kept.

330.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

330.4 Sec. 19. Minnesota Statutes 2016, section 273.33, subdivision 2, is amended to read:

330.5 Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting  
330.6 of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies  
330.7 and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude~~  
330.8 ~~oil, or other petroleum~~ products by pipelines, shall be listed with and assessed by the  
330.9 commissioner of revenue and the values provided to the city or county assessor by order.  
330.10 This subdivision shall not apply to the assessment of the products transported through the  
330.11 pipelines nor to the lines of local commercial gas companies engaged primarily in the  
330.12 business of distributing gas products to consumers at retail nor to pipelines used by the  
330.13 owner thereof to supply ~~natural gas or other petroleum~~ products exclusively for such owner's  
330.14 own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or~~  
330.15 ~~other petroleum~~ products actually transported over the pipeline is used for the owner's own  
330.16 consumption and not for resale to others, then this subdivision shall not apply; provided,  
330.17 however, that in that event, the pipeline shall be assessed in proportion to the percentage  
330.18 of gas products actually transported over such pipeline that is not used for the owner's own  
330.19 consumption. On or before August 1, the commissioner shall certify to the auditor of each  
330.20 county, the amount of such personal property assessment against each company in each  
330.21 district in which such property is located. If the commissioner determines that the amount  
330.22 of personal property assessment certified on or before August 1 is in error, the commissioner  
330.23 may issue a corrected certification on or before October 1. The commissioner may correct  
330.24 errors that are merely clerical in nature until December 31.

330.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

330.26 Sec. 20. Minnesota Statutes 2016, section 273.372, subdivision 2, is amended to read:

330.27 Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required to  
330.28 be brought against the commissioner under this section, the petition initiating the appeal  
330.29 must be served on the commissioner and must be filed with the Tax Court in Ramsey County,  
330.30 as provided in paragraph (b) or (c).

330.31 (b) If the appeal to court is from an order of the commissioner, it must be brought under  
330.32 chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2,  
330.33 except that when the provisions of this section conflict with chapter 271 or 278, this section

331.1 prevails. In addition, the petition must include all the parcels encompassed by that order  
331.2 which the petitioner claims have been partially, unfairly, or unequally assessed, assessed  
331.3 at a valuation greater than their real or actual value, misclassified, or are exempt. For this  
331.4 purpose, an order of the commissioner is either (1) a certification or notice of value by the  
331.5 commissioner for property described in subdivision 1, or (2) the final determination by the  
331.6 commissioner of either an administrative appeal conference or informal administrative  
331.7 appeal described in subdivision 4.

331.8 (c) If the appeal is from the tax that results from implementation of the commissioner's  
331.9 order, certification, or recommendation, it must be brought under chapter 278, and the  
331.10 provisions in that chapter apply, except that service shall be on the commissioner only and  
331.11 not on the local officials specified in section 278.01, subdivision 1, and if any other provision  
331.12 of this section conflicts with chapter 278, this section prevails. In addition, the petition must  
331.13 include either all the utility parcels or all the railroad parcels in the state in which the  
331.14 petitioner claims an interest and which the petitioner claims have been partially, unfairly,  
331.15 or unequally assessed, assessed at a valuation greater than their real or actual value,  
331.16 misclassified, or are exempt.

331.17 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

331.18 Sec. 21. Minnesota Statutes 2016, section 273.372, subdivision 4, is amended to read:

331.19 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section  
331.20 270.82 or 273.371 by the date specified in that section, or by the date specified by the  
331.21 commissioner in an extension, may appeal administratively to the commissioner prior to  
331.22 bringing an action in court.

331.23 (b) Companies ~~that must submit reports under section 270.82 must submit~~ file a written  
331.24 request to for an appeal with the commissioner for a conference within ten 30 days after  
331.25 the notice date of the commissioner's valuation certification or other notice to the company;  
331.26 or by June 15, whichever is earlier. For purposes of this section, "notice date" means the  
331.27 notice date of the valuation certification, commissioner's order, recommendation, or other  
331.28 notice.

331.29 (c) ~~Companies that submit reports under section 273.371 must submit a written request~~  
331.30 ~~to the commissioner for a conference within ten days after the date of the commissioner's~~  
331.31 ~~valuation certification or notice to the company, or by July 1, whichever is earlier. The~~  
331.32 appeal need not be in any particular form but must contain the following information:

331.33 (1) name and address of the company;

332.1 (2) the date;

332.2 (3) its Minnesota identification number;

332.3 (4) the assessment year or period involved;

332.4 (5) the findings in the valuation that the company disputes;

332.5 (6) a summary statement specifying its reasons for disputing each item; and

332.6 (7) the signature of the company's duly authorized agent or representative.

332.7 (d) When requested in writing and within the time allowed for filing an administrative  
 332.8 appeal, the commissioner may extend the time for filing an appeal for a period of not more  
 332.9 than 15 days from the expiration of the time for filing the appeal.

332.10 ~~(d)~~ (e) The commissioner shall conduct the conference either in person or by telephone  
 332.11 upon the commissioner's entire files and records and such further information as may be  
 332.12 offered. The conference must be held no later than 20 days after the date of the  
 332.13 ~~commissioner's valuation certification or notice to the company, or by the date specified by~~  
 332.14 ~~the commissioner in an extension request for an appeal.~~ Within 30 days after the  
 332.15 conference the commissioner shall make a final determination of the matter and shall notify  
 332.16 the company promptly of the determination. The conference is not a contested case hearing  
 332.17 subject to chapter 14.

332.18 ~~(e) In addition to the opportunity for a conference under paragraph (a), the commissioner~~  
 332.19 ~~shall also provide the railroad and utility companies the opportunity to discuss any questions~~  
 332.20 ~~or concerns relating to the values established by the commissioner through certification or~~  
 332.21 ~~notice in a less formal manner. This does not change or modify the deadline for requesting~~  
 332.22 ~~a conference under paragraph (a), the deadline in section 271.06 for appealing an order of~~  
 332.23 ~~the commissioner, or the deadline in section 278.01 for appealing property taxes in court.~~

332.24 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

332.25 Sec. 22. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision  
 332.26 to read:

332.27 **Subd. 5. Agreement determining valuation.** When it appears to be in the best interest  
 332.28 of the state, the commissioner may settle any matter under consideration regarding an appeal  
 332.29 filed under this section. The agreement must be in writing and signed by the commissioner  
 332.30 and the company or the company's authorized representative. The agreement is final and  
 332.31 conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a  
 332.32 material fact, the case may not be reopened as to the matters agreed upon.

333.1 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

333.2 Sec. 23. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision  
333.3 to read:

333.4 Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal  
333.5 from an order of the commissioner and also files an appeal to the tax court for that same  
333.6 order of the commissioner, the administrative appeal is dismissed and the commissioner is  
333.7 no longer required to make the determination of appeal under subdivision 4.

333.8 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

333.9 Sec. 24. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

333.10 After making the apportionment provided in Minnesota Rules, part 8100.0600, the  
333.11 commissioner must equalize the values of the operating structures to the level accepted by  
333.12 the State Board of Equalization if the appropriate sales ratio for each county, as conducted  
333.13 by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is  
333.14 outside the range accepted by the State Board of Equalization. The commissioner must not  
333.15 equalize the value of the operating structures if the sales ratio determined pursuant to this  
333.16 subdivision is within the range accepted by the State Board of Equalization.

333.17 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

333.18 Sec. 25. Minnesota Statutes 2016, section 274.01, subdivision 1, is amended to read:

333.19 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board  
333.20 of a town, or the council or other governing body of a city, is the local board of appeal and  
333.21 equalization except (1) in cities whose charters provide for a board of equalization or (2)  
333.22 in any city or town that has transferred its local board of review power and duties to the  
333.23 county board as provided in subdivision 3. The county assessor shall fix a day and time  
333.24 when ~~the board~~ or the local board of equalization shall meet in the assessment districts of  
333.25 the county. Notwithstanding any law or city charter to the contrary, a city board of  
333.26 equalization shall be referred to as a local board of appeal and equalization. On or before  
333.27 February 15 of each year the assessor shall give written notice of the time to the city or  
333.28 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must  
333.29 be held between April 1 and May 31 each year. The clerk shall give published and posted  
333.30 notice of the meeting at least ten days before the date of the meeting.

333.31 The board shall meet either at a central location within the county or at the office of the  
333.32 clerk to review the assessment and classification of property in the town or city. No changes

334.1 in valuation or classification which are intended to correct errors in judgment by the county  
334.2 assessor may be made by the county assessor after the board has adjourned in those cities  
334.3 or towns that hold a local board of review; however, corrections of errors that are merely  
334.4 clerical in nature or changes that extend homestead treatment to property are permitted after  
334.5 adjournment until the tax extension date for that assessment year. The changes must be fully  
334.6 documented and maintained in the assessor's office and must be available for review by any  
334.7 person. A copy of the changes made during this period in those cities or towns that hold a  
334.8 local board of review must be sent to the county board no later than December 31 of the  
334.9 assessment year.

334.10 (b) The board shall determine whether the taxable property in the town or city has been  
334.11 properly placed on the list and properly valued by the assessor. If real or personal property  
334.12 has been omitted, the board shall place it on the list with its market value, and correct the  
334.13 assessment so that each tract or lot of real property, and each article, parcel, or class of  
334.14 personal property, is entered on the assessment list at its market value. No assessment of  
334.15 the property of any person may be raised unless the person has been duly notified of the  
334.16 intent of the board to do so. On application of any person feeling aggrieved, the board shall  
334.17 review the assessment or classification, or both, and correct it as appears just. The board  
334.18 may not make an individual market value adjustment or classification change that would  
334.19 benefit the property if the owner or other person having control over the property has refused  
334.20 the assessor access to inspect the property and the interior of any buildings or structures as  
334.21 provided in section 273.20. A board member shall not participate in any actions of the board  
334.22 which result in market value adjustments or classification changes to property owned by  
334.23 the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild,  
334.24 brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a  
334.25 board member has a financial interest. The relationship may be by blood or marriage.

334.26 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
334.27 reductions must not reduce the aggregate assessment made by the county assessor by more  
334.28 than one percent. If the total reductions would lower the aggregate assessments made by  
334.29 the county assessor by more than one percent, none of the adjustments may be made. The  
334.30 assessor shall correct any clerical errors or double assessments discovered by the board  
334.31 without regard to the one percent limitation.

334.32 (d) A local board does not have authority to grant an exemption or to order property  
334.33 removed from the tax rolls.

334.34 (e) A majority of the members may act at the meeting, and adjourn from day to day until  
334.35 they finish hearing the cases presented. The assessor shall attend and take part in the

335.1 proceedings, but must not vote. The county assessor, or an assistant delegated by the county  
335.2 assessor shall attend the meetings. The board shall list separately all omitted property added  
335.3 to the list by the board and all items of property increased or decreased, with the market  
335.4 value of each item of property, added or changed by the board. The county assessor shall  
335.5 enter all changes made by the board.

335.6 (f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel,  
335.7 or by written communication before the board after being duly notified of the board's intent  
335.8 to raise the assessment of the property, or if a person feeling aggrieved by an assessment  
335.9 or classification fails to apply for a review of the assessment or classification, the person  
335.10 may not appear before the county board of appeal and equalization for a review. This  
335.11 paragraph does not apply if an assessment was made after the local board meeting, as  
335.12 provided in section 273.01, or if the person can establish not having received notice of  
335.13 market value at least five days before the local board meeting.

335.14 (g) The local board must complete its work and adjourn within 20 days from the time  
335.15 of convening stated in the notice of the clerk, unless a longer period is approved by the  
335.16 commissioner of revenue. No action taken after that date is valid. All complaints about an  
335.17 assessment or classification made after the meeting of the board must be heard and  
335.18 determined by the county board of equalization. A nonresident may, at any time, before the  
335.19 meeting of the board file written objections to an assessment or classification with the county  
335.20 assessor. The objections must be presented to the board at its meeting by the county assessor  
335.21 for its consideration.

335.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

335.23 Sec. 26. Minnesota Statutes 2016, section 274.13, subdivision 1, is amended to read:

335.24 Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county  
335.25 commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be  
335.26 present, the deputy county auditor, or, if there is no deputy, the court administrator of the  
335.27 district court, shall form a board for the equalization of the assessment of the property of  
335.28 the county, including the property of all cities whose charters provide for a board of  
335.29 equalization. This board shall be referred to as the county board of appeal and equalization.  
335.30 The board shall meet annually, on the date specified in section 274.14, at the office of the  
335.31 auditor. Each member shall take an oath to fairly and impartially perform duties as a member.  
335.32 Members shall not participate in any actions of the board which result in market value  
335.33 adjustments or classification changes to property owned by the board member, the spouse,  
335.34 parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt,

336.1 nephew, or niece of a board member, or property in which a board member has a financial  
336.2 interest. The relationship may be by blood or marriage. The board shall examine and compare  
336.3 the returns of the assessment of property of the towns or districts, and equalize them so that  
336.4 each tract or lot of real property and each article or class of personal property is entered on  
336.5 the assessment list at its market value, subject to the following rules:

336.6 (1) The board shall raise the valuation of each tract or lot of real property which in its  
336.7 opinion is returned below its market value to the sum believed to be its market value. The  
336.8 board must first give notice of intention to raise the valuation to the person in whose name  
336.9 it is assessed, if the person is a resident of the county. The notice must fix a time and place  
336.10 for a hearing.

336.11 (2) The board shall reduce the valuation of each tract or lot which in its opinion is returned  
336.12 above its market value to the sum believed to be its market value.

336.13 (3) The board shall raise the valuation of each class of personal property which in its  
336.14 opinion is returned below its market value to the sum believed to be its market value. It  
336.15 shall raise the aggregate value of the personal property of individuals, firms, or corporations,  
336.16 when it believes that the aggregate valuation, as returned, is less than the market value of  
336.17 the taxable personal property possessed by the individuals, firms, or corporations, to the  
336.18 sum it believes to be the market value. The board must first give notice to the persons of  
336.19 intention to do so. The notice must set a time and place for a hearing.

336.20 (4) The board shall reduce the valuation of each class of personal property that is returned  
336.21 above its market value to the sum it believes to be its market value. Upon complaint of a  
336.22 party aggrieved, the board shall reduce the aggregate valuation of the individual's personal  
336.23 property, or of any class of personal property for which the individual is assessed, which  
336.24 in its opinion has been assessed at too large a sum, to the sum it believes was the market  
336.25 value of the individual's personal property of that class.

336.26 (5) The board must not reduce the aggregate value of all the property of its county, as  
336.27 submitted to the county board of equalization, with the additions made by the auditor under  
336.28 this chapter, by more than one percent of its whole valuation. The board may raise the  
336.29 aggregate valuation of real property, and of each class of personal property, of the county,  
336.30 or of any town or district of the county, when it believes it is below the market value of the  
336.31 property, or class of property, to the aggregate amount it believes to be its market value.

336.32 (6) The board shall change the classification of any property which in its opinion is not  
336.33 properly classified.



337.1 (7) The board does not have the authority to grant an exemption or to order property  
337.2 removed from the tax rolls.

337.3 (8) The board may not make an individual market value adjustment or classification  
337.4 change that would benefit property if the owner or other person having control over the  
337.5 property has refused the assessor access to inspect the property and the interior of any  
337.6 buildings or structures as provided in section 273.20.

337.7 **EFFECTIVE DATE.** This section is effective for county board of appeal and  
337.8 equalization meetings in 2018 and thereafter.

337.9 Sec. 27. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

337.10 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county  
337.11 boards of appeal and equalization meetings must provide proof to the commissioner by  
337.12 ~~December 1, 2009, and each year thereafter,~~ February 1 that it is in compliance with the  
337.13 requirements of subdivision 2. ~~Beginning in 2009,~~ This notice must also verify that there  
337.14 was a quorum of voting members at each meeting of the board of appeal and equalization  
337.15 in the ~~current~~ previous year. A county that does not comply with these requirements is  
337.16 deemed to have transferred its board of appeal and equalization powers to the special board  
337.17 of equalization appointed pursuant to section 274.13, subdivision 2, beginning with the  
337.18 following year's assessment and continuing unless the powers are reinstated under paragraph  
337.19 (c). A county that does not comply with the requirements of subdivision 2 and has not  
337.20 appointed a special board of equalization shall appoint a special board of equalization before  
337.21 the following year's assessment.

337.22 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
337.23 a county has been transferred to the special board of equalization under this subdivision  
337.24 and, prior to the meeting time of the special board of equalization, the county shall make  
337.25 available to those taxpayers a procedure for a review of the assessments, including, but not  
337.26 limited to, open book meetings. This alternate review process must take place in April and  
337.27 May.

337.28 (c) A county board whose powers are transferred to the special board of equalization  
337.29 under this subdivision may be reinstated by resolution of the county board and upon proof  
337.30 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
337.31 provided to the commissioner by ~~December~~ February 1 in order to be effective for the  
337.32 ~~following~~ current year's assessment.

338.1 (d) If a person who was entitled to appeal to the county board of appeal and equalization  
338.2 or to the county special board of equalization is not able to do so in a particular year because  
338.3 the county board or special board did not meet the quorum and training requirements in this  
338.4 section and section 274.13, or because the special board was not appointed, that person may  
338.5 instead appeal to the commissioner of revenue, provided that the appeal is received by the  
338.6 commissioner prior to August 1. The appeal is not subject to either chapter 14 or section  
338.7 270C.92. The commissioner must issue an appropriate order to the county assessor in  
338.8 response to each timely appeal, either upholding or changing the valuation or classification  
338.9 of the property. Prior to October 1 of each year, the commissioner must charge and bill the  
338.10 county where the property is located \$500 for each tax parcel covered by an order issued  
338.11 under this paragraph in that year. Amounts received by the commissioner under this paragraph  
338.12 must be deposited in the state's general fund. If payment of a billed amount is not received  
338.13 by the commissioner before December 1 of the year when billed, the commissioner must  
338.14 deduct that unpaid amount from any state aid the commissioner would otherwise pay to the  
338.15 county under chapter 477A in the next year. Late payments may either be returned to the  
338.16 county uncashed and undeposited or may be accepted. If a late payment is accepted, the  
338.17 state aid paid to the county under chapter 477A must be adjusted within 12 months to  
338.18 eliminate any reduction that occurred because the payment was late. Amounts needed to  
338.19 make these adjustments are included in the appropriation under section 477A.03, subdivision  
338.20 2.

338.21 **EFFECTIVE DATE.** This section is effective for county boards of appeal and  
338.22 equalization meetings held in 2018 and thereafter.

338.23 Sec. 28. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

338.24 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,  
338.25 on or before September 30, each county and each home rule charter or statutory city shall  
338.26 certify to the county auditor the proposed property tax levy for taxes payable in the following  
338.27 year.

338.28 (b) Notwithstanding any law or charter to the contrary, on or before September 15, each  
338.29 town and each special taxing district shall adopt and certify to the county auditor a proposed  
338.30 property tax levy for taxes payable in the following year. For towns, the final certified levy  
338.31 shall also be considered the proposed levy.

338.32 (c) On or before September 30, each school district that has not mutually agreed with  
338.33 its home county to extend this date shall certify to the county auditor the proposed property  
338.34 tax levy for taxes payable in the following year. Each school district that has agreed with

339.1 its home county to delay the certification of its proposed property tax levy must certify its  
339.2 proposed property tax levy for the following year no later than October 7. The school district  
339.3 shall certify the proposed levy as:

339.4 (1) a specific dollar amount by school district fund, broken down between voter-approved  
339.5 and non-voter-approved levies and between referendum market value and tax capacity  
339.6 levies; or

339.7 (2) the maximum levy limitation certified by the commissioner of education according  
339.8 to section 126C.48, subdivision 1.

339.9 (d) If the board of estimate and taxation or any similar board that establishes maximum  
339.10 tax levies for taxing jurisdictions within a first class city certifies the maximum property  
339.11 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified  
339.12 in paragraph (a), the city shall be deemed to have certified its levies for those taxing  
339.13 jurisdictions.

339.14 (e) For purposes of this section, "special taxing district" means a special taxing district  
339.15 as defined in section 275.066. Intermediate school districts that levy a tax under chapter  
339.16 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and  
339.17 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special  
339.18 taxing districts for purposes of this section.

339.19 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
339.20 tax levy under this subdivision, the taxing authority shall announce the time and place of  
339.21 ~~its~~ any subsequent regularly scheduled meetings at which the budget and levy will be  
339.22 discussed and at which the public will be allowed to speak. The time and place of those  
339.23 meetings must be included in the proceedings or summary of proceedings published in the  
339.24 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

339.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

339.26 Sec. 29. Minnesota Statutes 2016, section 275.62, subdivision 2, is amended to read:

339.27 Subd. 2. **Local governments required to report.** For purposes of this section, "local  
339.28 governmental unit" means a county, home rule charter or statutory city with a population  
339.29 greater than 2,500, ~~a town with a population greater than 5,000, or a home rule charter or~~  
339.30 ~~statutory city or town that receives a distribution from the taconite municipal aid account~~  
339.31 ~~in the levy year.~~

339.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

340.1 Sec. 30. Minnesota Statutes 2016, section 278.01, subdivision 1, is amended to read:

340.2 Subdivision 1. **Determination of validity.** (a) Any person having personal property, or  
340.3 any estate, right, title, or interest in or lien upon any parcel of land, who claims that such  
340.4 property has been partially, unfairly, or unequally assessed in comparison with other property  
340.5 in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class,  
340.6 the portion of the county excluding the first class city, or that the parcel has been assessed  
340.7 at a valuation greater than its real or actual value, or that the tax levied against the same is  
340.8 illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so  
340.9 levied, may have the validity of the claim, defense, or objection determined by the district  
340.10 court of the county in which the tax is levied or by the Tax Court by serving one copy of a  
340.11 petition for such determination upon the county auditor, one copy on the county attorney,  
340.12 one copy on the county treasurer, and three copies on the county assessor. The county  
340.13 assessor shall immediately forward one copy of the petition to the appropriate governmental  
340.14 authority in a home rule charter or statutory city or town in which the property is located if  
340.15 that city or town employs its own certified assessor. A copy of the petition shall also be  
340.16 forwarded by the assessor to the school board of the school district in which the property  
340.17 is located.

340.18 (b) In counties where the office of county treasurer has been combined with the office  
340.19 of county auditor, the county may elect to require the petitioner to serve the number of  
340.20 copies as determined by the county. The county assessor shall immediately forward one  
340.21 copy of the petition to the appropriate governmental authority in a home rule charter or  
340.22 statutory city or town in which the property is located if that city or town employs its own  
340.23 certified assessor. A list of petitioned properties, including the name of the petitioner, the  
340.24 identification number of the property, and the estimated market value, shall be sent on or  
340.25 before the first day of July by the county auditor/treasurer to the school board of the school  
340.26 district in which the property is located.

340.27 (c) For all counties, the petitioner must file the copies with proof of service, in the office  
340.28 of the court administrator of the district court on or before April 30 of the year in which the  
340.29 tax becomes payable. A petition for determination under this section may be transferred by  
340.30 the district court to the Tax Court. An appeal may also be taken to the Tax Court under  
340.31 chapter 271 at any time following receipt of the valuation notice that county assessors or  
340.32 city assessors having the powers of a county assessor are required by section 273.121 to  
340.33 send to persons whose property is to be included on the assessment roll that year, but prior  
340.34 to May 1 of the year in which the taxes are payable.

340.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

341.1 Sec. 31. Minnesota Statutes 2016, section 282.01, subdivision 1a, is amended to read:

341.2 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency  
341.3 or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be  
341.4 withheld from sale or lease to others for a maximum of six months. The request must be  
341.5 submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel  
341.6 from sale or lease to any other party for six months, and must confirm the starting date of  
341.7 the six-month withholding period to the requesting agency or subdivision. If the request is  
341.8 from a governmental subdivision of the state, the governmental subdivision must pay the  
341.9 maintenance costs incurred by the county during the period the parcel is withheld. The  
341.10 county board may approve a sale or conveyance to the requesting party during the  
341.11 withholding period. A conveyance of the property to the requesting party terminates the  
341.12 withholding period.

341.13 A governmental subdivision of the state must not make, and a county auditor must not  
341.14 act upon, a second request to withhold a parcel from sale or lease within 18 months of a  
341.15 previous request for that parcel. A county may reject a request made under this paragraph  
341.16 if the request is made more than 30 days after the county has given notice to the requesting  
341.17 state agency or governmental subdivision of the state that the county intends to sell or  
341.18 otherwise dispose of the property.

341.19 (b) Nonconservation tax-forfeited lands may be sold by the county board, for their market  
341.20 value as determined by the county board, to an organized or incorporated governmental  
341.21 subdivision of the state for any public purpose for which the subdivision is authorized to  
341.22 acquire property. When the term "market value" is used in this section, it means an estimate  
341.23 of the full and actual market value of the parcel as determined by the county board, but in  
341.24 making this determination, the board and the persons employed by or under contract with  
341.25 the board in order to perform, conduct, or assist in the determination, are exempt from the  
341.26 licensure requirements of chapter 82B.

341.27 (c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of the~~  
341.28 ~~taxing districts on application to~~ sold by the county board by, for their market value as  
341.29 determined by the county board, to a state agency for an authorized use at not less than their  
341.30 ~~market value as determined by the county board~~ any public purpose for which the agency  
341.31 is authorized to acquire property.

341.32 (d) Nonconservation tax-forfeited lands may be sold by the county board to an organized  
341.33 or incorporated governmental subdivision of the state or state agency for less than their  
341.34 market value if:

342.1 (1) the county board determines that a sale at a reduced price is in the public interest  
342.2 because a reduced price is necessary to provide an incentive to correct the blighted conditions  
342.3 that make the lands undesirable in the open market, or the reduced price will lead to the  
342.4 development of affordable housing; and

342.5 (2) the governmental subdivision or state agency has documented its specific plans for  
342.6 correcting the blighted conditions or developing affordable housing, and the specific law  
342.7 or laws that empower it to acquire real property in furtherance of the plans.

342.8 If the sale under this paragraph is to a governmental subdivision of the state, the  
342.9 commissioner of revenue must convey the property on behalf of the state by quitclaim deed.  
342.10 If the sale under this paragraph is to a state agency, the property is released from the trust  
342.11 in favor of the taxing districts and the commissioner of revenue must issue a conveyance  
342.12 ~~document that releases the property from the trust in favor of the taxing districts~~ convey the  
342.13 property on behalf of the state by quitclaim deed to the agency.

342.14 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may  
342.15 be conveyed by the commissioner of revenue in the name of the state to a governmental  
342.16 subdivision for an authorized public use, if an application is submitted to the commissioner  
342.17 which includes a statement of facts as to the use to be made of the tract and the favorable  
342.18 recommendation of the county board. For the purposes of this paragraph, "authorized public  
342.19 use" means a use that allows an indefinite segment of the public to physically use and enjoy  
342.20 the property in numbers appropriate to its size and use, or is for a public service facility.  
342.21 Authorized public uses as defined in this paragraph are limited to:

342.22 (1) a road, or right-of-way for a road;

342.23 (2) a park that is both available to, and accessible by, the public that contains  
342.24 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

342.25 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along  
342.26 with a reasonable amount of surrounding land maintained in its natural state;

342.27 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including  
342.28 transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other  
342.29 facilities related to a public transit system;

342.30 (5) public beaches or boat launches;

342.31 (6) public parking;

342.32 (7) civic recreation or conference facilities; and

343.1 (8) public service facilities such as fire halls, police stations, lift stations, water towers,  
343.2 sanitation facilities, water treatment facilities, and administrative offices.

343.3 No monetary compensation or consideration is required for the conveyance, except as  
343.4 provided in subdivision 1g, but the conveyance is subject to the conditions provided in law,  
343.5 including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

343.6 (f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
343.7 land to a local governmental subdivision of the state by quitclaim deed on behalf of the state  
343.8 upon the favorable recommendation of the county board if the governmental subdivision  
343.9 has certified to the board that prior to forfeiture the subdivision was entitled to the parcel  
343.10 under a written development agreement or instrument, but the conveyance failed to occur  
343.11 prior to forfeiture. No compensation or consideration is required for, and no conditions  
343.12 attach to, the conveyance.

343.13 (g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
343.14 land to the association of a common interest community by quitclaim deed upon the favorable  
343.15 recommendation of the county board if the association certifies to the board that prior to  
343.16 forfeiture the association was entitled to the parcel under a written agreement, but the  
343.17 conveyance failed to occur prior to forfeiture. No compensation or consideration is required  
343.18 for, and no conditions attach to, the conveyance.

343.19 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the  
343.20 state for less than its market value for either: (1) creation or preservation of wetlands; (2)  
343.21 drainage or storage of storm water under a storm water management plan; or (3) preservation,  
343.22 or restoration and preservation, of the land in its natural state. The deed must contain a  
343.23 restrictive covenant limiting the use of the land to one of these purposes for 30 years or  
343.24 until the property is reconveyed back to the state in trust. At any time, the governmental  
343.25 subdivision may reconvey the property to the state in trust for the taxing districts. The deed  
343.26 of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase  
343.27 price determined under this paragraph shall be refunded upon a reconveyance, but the  
343.28 amount paid for a conveyance under this paragraph may be taken into account by the county  
343.29 board when setting the terms of a future sale of the same property to the same governmental  
343.30 subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an  
343.31 incorporated municipality and the commissioner of natural resources determines there is a  
343.32 mineral use potential, the sale is subject to the approval of the commissioner of natural  
343.33 resources.

344.1 (i) A park and recreation board in a city of the first class is a governmental subdivision  
344.2 for the purposes of this section.

344.3 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by  
344.4 the commissioner of revenue in the name of the state to a governmental subdivision for a  
344.5 school forest under section 89.41. An application that includes a statement of facts as to the  
344.6 use to be made of the tract and the favorable recommendation of the county board and the  
344.7 commissioner of natural resources must be submitted to the commissioner of revenue. No  
344.8 monetary compensation or consideration is required for the conveyance, but the conveyance  
344.9 is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph  
344.10 (e). At any time, the governmental subdivision may reconvey the property back to the state  
344.11 in trust for the taxing districts. The deed of reconveyance is subject to approval by the  
344.12 commissioner of revenue.

344.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

344.14 Sec. 32. Minnesota Statutes 2016, section 282.01, subdivision 1d, is amended to read:

344.15 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years from  
344.16 the date of any conveyance of tax-forfeited land to a governmental subdivision for an  
344.17 authorized public use as provided in this section, regardless of when the deed for the  
344.18 authorized public use was executed, if the governmental subdivision has failed to put the  
344.19 land to that use, or abandons that use, the governing body of the subdivision must: (1) with  
344.20 the approval of the county board, purchase the property for an authorized public purpose  
344.21 at the present market value as determined by the county board, or (2) authorize the proper  
344.22 officers to convey the land, or the part of the land not required for an authorized public use,  
344.23 to the state of Minnesota in trust for the taxing districts. If the governing body purchases  
344.24 the property under clause (1), the commissioner of revenue shall, upon proper application  
344.25 submitted by the county auditor and upon the reconveyance of the land subject to the  
344.26 conditional use deed to the state, convey the property on behalf of the state by quitclaim  
344.27 deed to the subdivision free of a use restriction and the possibility of reversion or  
344.28 defeasement. If the governing body decides to reconvey the property to the state under this  
344.29 clause, the officers shall execute a deed of conveyance immediately. The conveyance is  
344.30 subject to the approval of the commissioner and its form must be approved by the attorney  
344.31 general. For 15 years from the date of the conveyance, there is no failure to put the land to  
344.32 the authorized public use and no abandonment of that use if a formal plan of the governmental  
344.33 subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an  
344.34 intended future use of the land for the authorized public use.



345.1 (b) Property held by a governmental subdivision of the state under a conditional use  
345.2 deed executed under this section by the commissioner of revenue on or after January 1,  
345.3 2007, may be acquired by that governmental subdivision after 15 years from the date of the  
345.4 conveyance if the commissioner determines upon written application from the subdivision  
345.5 that the subdivision has in fact put the property to the authorized public use for which it  
345.6 was conveyed, and the subdivision has made a finding that it has no current plans to change  
345.7 the use of the lands. Prior to conveying the property, the commissioner shall inquire whether  
345.8 the county board where the land is located objects to a conveyance of the property to the  
345.9 subdivision without conditions and without further act by or obligation of the subdivision.  
345.10 If the county does not object within 60 days, and the commissioner makes a favorable  
345.11 determination, the commissioner shall issue a quitclaim deed on behalf of the state  
345.12 unconditionally conveying the property to the governmental subdivision. For purposes of  
345.13 this paragraph, demonstration of an intended future use for the authorized public use in a  
345.14 formal plan of the governmental subdivision does not constitute use for that authorized  
345.15 public use.

345.16 (c) Property held by a governmental subdivision of the state under a conditional use  
345.17 deed executed under this section by the commissioner of revenue before January 1, 2007,  
345.18 is released from the use restriction and possibility of reversion on January 1, 2022, if the  
345.19 county board records a resolution describing the land and citing this paragraph. The county  
345.20 board may authorize the county treasurer to deduct the amount of the recording fees from  
345.21 future settlements of property taxes to the subdivision.

345.22 (d) Except for tax-forfeited land conveyed to establish a school forest under section  
345.23 89.41, property conveyed under a conditional use deed executed under this section by the  
345.24 commissioner of revenue, regardless of when the deed for the authorized public use was  
345.25 executed, is released from the use restriction and reverter, and any use restriction or reverter  
345.26 for which no declaration of reversion has been recorded with the county recorder or registrar  
345.27 of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from  
345.28 the date the deed was acknowledged; or (3) final resolution of an appeal to district court  
345.29 under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the  
345.30 county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

345.31 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a  
345.32 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.  
345.33 The property reverts to the state in trust for the taxing districts by operation of law if the  
345.34 commissioner of natural resources determines and reports to the commissioner of revenue  
345.35 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the

346.1 land for school forest purposes for three consecutive years. The commissioner of revenue  
346.2 shall record a declaration of reversion for land that has reverted under this paragraph.

346.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

346.4 Sec. 33. Minnesota Statutes 2016, section 477A.013, is amended by adding a subdivision  
346.5 to read:

346.6 Subd. 14. **Communication by electronic mail.** Prior to receiving aid pursuant to this  
346.7 section, a city must register an official electronic mail address with the commissioner, which  
346.8 the commissioner may use as an exclusive means to communicate with the city.

346.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

346.10 Sec. 34. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision  
346.11 to read:

346.12 Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural  
346.13 resources shall certify to the commissioner of revenue the number of watercraft launches  
346.14 and the number of watercraft trailer parking spaces in each county.

346.15 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

346.16 Sec. 35. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision  
346.17 to read:

346.18 Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural  
346.19 resources shall certify to the commissioner of revenue the counties that complied with the  
346.20 requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

346.21 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

346.22 Sec. 36. Minnesota Statutes 2016, section 559.202, subdivision 2, is amended to read:

346.23 Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if  
346.24 the purchaser is represented throughout the transaction by either:

346.25 (1) a person licensed to practice law in this state; or

346.26 (2) a person licensed as a real estate broker or salesperson under chapter 82, provided  
346.27 that the representation does not create a dual agency, as that term is defined in section 82.55,  
346.28 subdivision 6.

347.1 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land occurring  
347.2 the day following final enactment and thereafter.

347.3 Sec. 37. Laws 2014, chapter 308, article 9, section 94, is amended to read:

347.4 Sec. 94. **REPEALER.**

347.5 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision  
347.6 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,  
347.7 part 8007.0200, are repealed.

347.8 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision  
347.9 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and  
347.10 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075;  
347.11 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision  
347.12 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27,  
347.13 subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71,  
347.14 subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10,  
347.15 subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i;  
347.16 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes  
347.17 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and  
347.18 Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are  
347.19 repealed.

347.20 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

347.21 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38;  
347.22 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339;  
347.23 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement,  
347.24 section 469.340, subdivision 4, are repealed.

347.25 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

347.26 **EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014, and  
347.27 pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027,  
347.28 subdivision 2, is revived and reenacted as of that date.

347.29 Sec. 38. **REPEALER.**

347.30 (a) Minnesota Statutes 2016, section 281.22, is repealed.

347.31 (b) Minnesota Rules, part 8100.0700, is repealed.

348.1 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.  
348.2 Paragraph (b) is effective for assessment year 2017 and thereafter.

348.3 **ARTICLE 19**

348.4 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL**  
348.5 **PROVISIONS; MISCELLANEOUS**

348.6 Section 1. Minnesota Statutes 2016, section 270.82, subdivision 1, is amended to read:

348.7 Subdivision 1. **Annual report required.** Every railroad company doing business in  
348.8 Minnesota shall annually file with the commissioner on or before March 31 a report under  
348.9 oath setting forth the information prescribed by the commissioner to enable the commissioner  
348.10 to make the valuation and equalization required by sections 270.80 to 270.87. The  
348.11 commissioner shall prescribe the content, format, and manner of the report pursuant to  
348.12 section 270C.30, except that a "law administered by the commissioner" includes the property  
348.13 tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant  
348.14 to section 270C.304, except that a "law administered by the commissioner" includes the  
348.15 property tax laws.

348.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

348.17 Sec. 2. Minnesota Statutes 2016, section 270A.03, subdivision 5, is amended to read:

348.18 Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and  
348.19 certain amount of money, which equals or exceeds \$25 and which is due and payable to a  
348.20 claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125,  
348.21 fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and  
348.22 restitution. A debt may arise under a contractual or statutory obligation, a court order, or  
348.23 other legal obligation, but need not have been reduced to judgment.

348.24 A debt includes any legal obligation of a current recipient of assistance which is based  
348.25 on overpayment of an assistance grant where that payment is based on a client waiver or  
348.26 an administrative or judicial finding of an intentional program violation; or where the debt  
348.27 is owed to a program wherein the debtor is not a client at the time notification is provided  
348.28 to initiate recovery under this chapter and the debtor is not a current recipient of food support,  
348.29 transitional child care, or transitional medical assistance.

348.30 (b) A debt does not include any legal obligation to pay a claimant agency for medical  
348.31 care, including hospitalization if the income of the debtor at the time when the medical care  
348.32 was rendered does not exceed the following amount:

- 349.1 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;
- 349.2 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;
- 349.3 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;
- 349.4 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;
- 349.5 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and
- 349.6 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

349.7 For purposes of this paragraph, "debtor" means the individual whose income, together  
349.8 with the income of the individual's spouse, other than a separated spouse, brings the  
349.9 individual within the income provisions of this paragraph. For purposes of this paragraph,  
349.10 a spouse, other than a separated spouse, shall be considered a dependent.

349.11 (c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage  
349.12 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except  
349.13 that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for the word "1992."  
349.14 For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12  
349.15 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31, ~~2000~~ 2015,  
349.16 and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2014, to the  
349.17 12 months ending on August 31 of the year preceding the taxable year. The determination  
349.18 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
349.19 not be subject to the Administrative Procedure Act contained in chapter 14. The income  
349.20 amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5,  
349.21 the amount is rounded up to the nearest \$10 amount.

349.22 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the  
349.23 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

349.24 **EFFECTIVE DATE.** The section is effective retroactively for debts incurred after  
349.25 December 31, 2014.

349.26 Sec. 3. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

349.27 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of  
349.28 the commissioner of human services, the commissioner shall disclose return information  
349.29 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the  
349.30 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

350.1 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,  
350.2 employment, income, and property of a person owing or alleged to be owing an obligation  
350.3 of child support.

350.4 (c) The commissioner of human services may request data only for the purposes of  
350.5 carrying out the child support enforcement program and to assist in the location of parents  
350.6 who have, or appear to have, deserted their children. Data received may be used only as set  
350.7 forth in section 256.978.

350.8 (d) The commissioner shall provide the records and information necessary to administer  
350.9 the supplemental housing allowance to the commissioner of human services.

350.10 (e) At the request of the commissioner of human services, the commissioner of revenue  
350.11 shall electronically match the Social Security numbers and names of participants in the  
350.12 telephone assistance plan operated under sections 237.69 to 237.71, with those of property  
350.13 tax refund filers, and determine whether each participant's household income is within the  
350.14 eligibility standards for the telephone assistance plan.

350.15 (f) The commissioner may provide records and information collected under sections  
350.16 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid  
350.17 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law  
350.18 102-234. Upon the written agreement by the United States Department of Health and Human  
350.19 Services to maintain the confidentiality of the data, the commissioner may provide records  
350.20 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and  
350.21 Medicaid Services section of the United States Department of Health and Human Services  
350.22 for purposes of meeting federal reporting requirements.

350.23 (g) The commissioner may provide records and information to the commissioner of  
350.24 human services as necessary to administer the early refund of refundable tax credits.

350.25 (h) The commissioner may disclose information to the commissioner of human services  
350.26 as necessary to verify income for income verification for eligibility and premium payment  
350.27 under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the  
350.28 medical assistance program under chapter 256B.

350.29 (i) The commissioner may disclose information to the commissioner of human services  
350.30 necessary to verify whether applicants or recipients for the Minnesota family investment  
350.31 program, general assistance, food support, Minnesota supplemental aid program, and child  
350.32 care assistance have claimed refundable tax credits under chapter 290 and the property tax  
350.33 refund under chapter 290A, and the amounts of the credits.

351.1 (j) The commissioner may disclose information to the commissioner of human services  
351.2 necessary to verify income for purposes of calculating parental contribution amounts under  
351.3 section 252.27, subdivision 2a.

351.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

351.5 Sec. 4. Minnesota Statutes 2016, section 270C.30, is amended to read:

351.6 **270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

351.7 Except as otherwise provided by law, the commissioner shall prescribe the content ~~and,~~  
351.8 format, and manner of all returns and other forms required to be filed under a law  
351.9 administered by the commissioner, and may furnish them subject to charge on application.

351.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

351.11 Sec. 5. Minnesota Statutes 2016, section 270C.33, subdivision 5, is amended to read:

351.12 Subd. 5. **Prohibition against collection during appeal period of an order.** No collection  
351.13 action can be taken on an order of assessment, or any other order imposing a liability,  
351.14 including the filing of liens under section 270C.63, and no late payment penalties may be  
351.15 imposed when a return has been filed for the tax type and period upon which the order is  
351.16 based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days  
351.17 after the ~~order has been mailed to the taxpayer~~ notice date designated by the commissioner  
351.18 on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after  
351.19 the notice date designated by the commissioner on the written determination of the  
351.20 administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the  
351.21 decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal  
351.22 is based upon a constitutional challenge to the tax, 60 days after final determination of the  
351.23 appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36,  
351.24 or a jeopardy collection under section 270C.36.

351.25 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
351.26 2017.

351.27 Sec. 6. Minnesota Statutes 2016, section 270C.33, subdivision 8, is amended to read:

351.28 Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner, sent  
351.29 postage prepaid by United States mail to the taxpayer at the taxpayer's last known address,  
351.30 or sent by electronic mail to the taxpayer's last known electronic mailing address as provided  
351.31 for in section 325L.08, is sufficient even if the taxpayer is deceased or is under a legal

352.1 disability, or, in the case of a corporation, has terminated its existence, unless the  
352.2 commissioner has been provided with a new address by a party authorized to receive notices  
352.3 of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date  
352.4 designated by the commissioner on the assessment.

352.5 **EFFECTIVE DATE.** This section is effective for assessments dated after December  
352.6 31, 2017.

352.7 Sec. 7. Minnesota Statutes 2016, section 270C.34, subdivision 2, is amended to read:

352.8 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or  
352.9 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax  
352.10 charge, must be filed with the commissioner within 60 days of the notice date of the notice  
352.11 ~~was mailed to the taxpayer's last known address, stating that a penalty has been imposed or~~  
352.12 additional tax charge. For purposes of this section, "notice date" means the notice date  
352.13 designated by the commissioner on the order or other notice that a penalty or additional tax  
352.14 charge has been imposed.

352.15 (b) If the commissioner issues an order denying a request for abatement of penalty,  
352.16 interest, or additional tax charge, the taxpayer may file an administrative appeal as provided  
352.17 in section 270C.35 or appeal to Tax Court as provided in section 271.06.

352.18 (c) If the commissioner does not issue an order on the abatement request within 60 days  
352.19 from the date the request is received, the taxpayer may appeal to Tax Court as provided in  
352.20 section 271.06.

352.21 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
352.22 December 31, 2017.

352.23 Sec. 8. Minnesota Statutes 2016, section 270C.35, subdivision 3, is amended to read:

352.24 Subd. 3. **Notice date.** For purposes of this section, ~~the term~~ "notice date" means the  
352.25 notice date of designated by the commissioner on the order adjusting the tax or order denying  
352.26 a request for abatement, or, in the case of a denied refund, the notice date of designated by  
352.27 the commissioner on the notice of denial.

352.28 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
352.29 December 31, 2017.



353.1 Sec. 9. Minnesota Statutes 2016, section 270C.35, is amended by adding a subdivision to  
353.2 read:

353.3 Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative  
353.4 appeal for an order of the commissioner and also files an appeal to the Tax Court for that  
353.5 same order of the commissioner, the administrative appeal is dismissed and the commissioner  
353.6 is no longer required to make a determination of appeal under subdivision 6.

353.7 **EFFECTIVE DATE.** This section is effective for all administrative appeals filed after  
353.8 June 30, 2017.

353.9 Sec. 10. Minnesota Statutes 2016, section 270C.38, subdivision 1, is amended to read:

353.10 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
353.11 determination or action of the commissioner is otherwise specifically provided for by law,  
353.12 notice of the determination or action sent postage prepaid by United States mail to the  
353.13 taxpayer or other person affected by the determination or action at the taxpayer's or person's  
353.14 last known address, is sufficient. If the taxpayer or person being notified is deceased or is  
353.15 under a legal disability, or, in the case of a corporation being notified that has terminated  
353.16 its existence, notice to the last known address of the taxpayer, person, or corporation is  
353.17 sufficient, unless the department has been provided with a new address by a party authorized  
353.18 to receive notices from the commissioner.

353.19 (b) If a taxpayer or other person agrees to accept notification by electronic means, notice  
353.20 of a determination or action of the commissioner sent by electronic mail to the taxpayer's  
353.21 or person's last known electronic mailing address as provided for in section 325L.08 is  
353.22 sufficient.

353.23 (c) Notice of a determination or action of the commissioner is sufficient if it is sent on  
353.24 or before the notice date designated by the commissioner on the notice.

353.25 **EFFECTIVE DATE.** This section is effective for notices dated after December 31,  
353.26 2017.

353.27 Sec. 11. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision  
353.28 to read:

353.29 Subd. 9. **Enforcement; limitations.** (a) Notwithstanding any other law, the imposition  
353.30 of a penalty or any other action against a tax preparer authorized by subdivision 6 with  
353.31 respect to a return may be taken by the commissioner within the period provided by section  
353.32 289A.38 to assess tax on that return.

354.1 (b) Imposition of a penalty or other action against a tax preparer authorized by subdivision  
354.2 6 other than with respect to a return must be taken by the commissioner within five years  
354.3 of the violation of statute.

354.4 **EFFECTIVE DATE.** This section is effective for tax preparation services provided  
354.5 after the day following final enactment.

354.6 Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

354.7 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer  
354.8 from the list of tax preparers published under this section:

354.9 (1) when the commissioner determines that the name was included on the list in error;

354.10 (2) ~~within 90 days~~ three years after the preparer has demonstrated to the commissioner  
354.11 that the preparer fully paid all fines or penalties imposed, served any suspension, satisfied  
354.12 any sentence imposed, successfully completed any probationary period imposed, and  
354.13 successfully completed any remedial actions required by the commissioner, the State Board  
354.14 of Accountancy, or the Lawyers Board of Professional Responsibility; or

354.15 (3) when the commissioner has been notified that the tax preparer is deceased.

354.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

354.17 Sec. 13. Minnesota Statutes 2016, section 270C.72, subdivision 4, is amended to read:

354.18 Subd. 4. **Licensing authority; duties.** All licensing authorities must require the applicant  
354.19 to provide the applicant's Social Security number or individual taxpayer identification  
354.20 number and Minnesota business identification number, as applicable, on all license  
354.21 applications. Upon request of the commissioner, the licensing authority must provide the  
354.22 commissioner with a list of all applicants, including the name, address, business name and  
354.23 address, and Social Security number; or individual taxpayer identification number and  
354.24 business identification number, as applicable, of each applicant. The commissioner may  
354.25 request from a licensing authority a list of the applicants no more than once each calendar  
354.26 year.

354.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

354.28 Sec. 14. Minnesota Statutes 2016, section 271.06, subdivision 2, is amended to read:

354.29 Subd. 2. **Time; notice; intervention.** Except as otherwise provided by law, within 60  
354.30 days after the notice of the making and filing date of an order of the commissioner of revenue,  
354.31 the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner

355.1 and file the original, with proof of such service, with the Tax Court administrator or with  
355.2 the court administrator of district court acting as court administrator of the Tax Court;  
355.3 provided, that the Tax Court, for cause shown, may by written order extend the time for  
355.4 appealing for an additional period not exceeding 30 days. For purposes of this section,  
355.5 "notice date" means the notice date designated by the commissioner on the order. The notice  
355.6 of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt,  
355.7 the commissioner shall transmit a copy of the notice of appeal to the attorney general. The  
355.8 attorney general shall represent the commissioner, if requested, upon all such appeals except  
355.9 in cases where the attorney general has appealed in behalf of the state, or in other cases  
355.10 where the attorney general deems it against the interests of the state to represent the  
355.11 commissioner, in which event the attorney general may intervene or be substituted as an  
355.12 appellant in behalf of the state at any stage of the proceedings.

355.13 Upon a final determination of any other matter over which the court is granted jurisdiction  
355.14 under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a  
355.15 petition or notice of appeal as provided by law with the court administrator of district court,  
355.16 acting in the capacity of court administrator of the Tax Court, with proof of service of the  
355.17 petition or notice of appeal as required by law and within the time required by law. As used  
355.18 in this subdivision, "final determination" includes a notice of assessment and equalization  
355.19 for the year in question received from the local assessor, an order of the local board of  
355.20 equalization, or an order of a county board of equalization.

355.21 The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed  
355.22 with the district court administrator acting as court administrator of the Tax Court is  
355.23 forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning  
355.24 property valuation for which the assessor, a local board of equalization, a county board of  
355.25 equalization or the commissioner of revenue has issued an order, the officer issuing the  
355.26 order shall be notified of the filing of the appeal. The notice of appeal or petition shall be  
355.27 in the form prescribed by the Tax Court.

355.28 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
355.29 2017.

355.30 Sec. 15. Minnesota Statutes 2016, section 271.06, subdivision 7, is amended to read:

355.31 Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules of  
355.32 Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures  
355.33 in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the

356.1 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court  
356.2 may adopt rules under chapter 14.

356.3 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
356.4 2017.

356.5 Sec. 16. Minnesota Statutes 2016, section 272.02, subdivision 10, is amended to read:

356.6 Subd. 10. **Personal property used for pollution control.** Personal property used  
356.7 primarily for the abatement and control of air, water, or land pollution is exempt to the  
356.8 extent that it is so used, and real property is exempt if it is used primarily for abatement and  
356.9 control of air, water, or land pollution as part of an agricultural operation, as a part of a  
356.10 centralized treatment and recovery facility operating under a permit issued by the Minnesota  
356.11 Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts  
356.12 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility  
356.13 and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges,  
356.14 or inorganic materials from hazardous industrial wastes, or as part of an electric generation  
356.15 system. For purposes of this subdivision, personal property includes ponderous machinery  
356.16 and equipment used in a business or production activity that at common law is considered  
356.17 real property.

356.18 Any taxpayer requesting exemption of all or a portion of any real property or any  
356.19 equipment or device, or part thereof, operated primarily for the control or abatement of air,  
356.20 water, or land pollution shall file an application with the commissioner of revenue. The  
356.21 commissioner shall develop an electronic means to notify interested parties when electric  
356.22 power generation facilities have filed an application. The commissioner shall prescribe the  
356.23 content, format, and manner of the application pursuant to section 270C.30, except that a  
356.24 "law administered by the commissioner" includes the property tax laws, and if an application  
356.25 is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304,  
356.26 except that a "law administered by the commissioner" includes the property tax laws. The  
356.27 Minnesota Pollution Control Agency shall upon request of the commissioner furnish  
356.28 information and advice to the commissioner.

356.29 The information and advice furnished by the Minnesota Pollution Control Agency must  
356.30 include statements as to whether the equipment, device, or real property meets a standard,  
356.31 rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and  
356.32 whether the equipment, device, or real property is installed or operated in accordance with  
356.33 it. On determining that property qualifies for exemption, the commissioner shall issue an  
356.34 order exempting the property from taxation. The commissioner shall develop an electronic

357.1 means to notify interested parties when the commissioner has issued an order exempting  
357.2 property from taxation under this subdivision. The equipment, device, or real property shall  
357.3 continue to be exempt from taxation as long as the order issued by the commissioner remains  
357.4 in effect.

357.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

357.6 Sec. 17. Minnesota Statutes 2016, section 272.0211, subdivision 1, is amended to read:

357.7 Subdivision 1. **Efficiency determination and certification.** An owner or operator of a  
357.8 new or existing electric power generation facility, excluding wind energy conversion systems,  
357.9 may apply to the commissioner of revenue for a market value exclusion on the property as  
357.10 provided for in this section. This exclusion shall apply only to the market value of the  
357.11 equipment of the facility, and shall not apply to the structures and the land upon which the  
357.12 facility is located. The commissioner of revenue shall prescribe the ~~forms~~ content, format,  
357.13 manner, and procedures for this application pursuant to section 270C.30, except that a "law  
357.14 administered by the commissioner" includes the property tax laws. If an application is made  
357.15 by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except  
357.16 that a "law administered by the commissioner" includes the property tax laws. Upon receiving  
357.17 the application, the commissioner of revenue shall: (1) request the commissioner of commerce  
357.18 to make a determination of the efficiency of the applicant's electric power generation facility;  
357.19 and (2) shall develop an electronic means to notify interested parties when electric power  
357.20 generation facilities have filed an application. The commissioner of commerce shall calculate  
357.21 efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage,  
357.22 based on the performance of the facility's equipment during normal full load operation. The  
357.23 commissioner must include in this formula the energy used in any on-site preparation of  
357.24 materials necessary to convert the materials into the fuel used to generate electricity, such  
357.25 as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value  
357.26 (HHV) for all substances in the commissioner's efficiency calculations, except for wood  
357.27 for fuel in a biomass-eligible project under section 216B.2424; for these instances, the  
357.28 commissioner shall adjust the heating value to allow for energy consumed for evaporation  
357.29 of the moisture in the wood. The applicant shall provide the commissioner of commerce  
357.30 with whatever information the commissioner deems necessary to make the determination.  
357.31 Within 30 days of the receipt of the necessary information, the commissioner of commerce  
357.32 shall certify the findings of the efficiency determination to the commissioner of revenue  
357.33 and to the applicant. The commissioner of commerce shall determine the efficiency of the  
357.34 facility and certify the findings of that determination to the commissioner of revenue every  
357.35 two years thereafter from the date of the original certification.

358.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

358.2 Sec. 18. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

358.3 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
358.4 the state of Minnesota or any political subdivision thereof, and property exempt from taxation  
358.5 under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times  
358.6 provided in subdivision 3, a taxpayer claiming an exemption from taxation on property  
358.7 described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with  
358.8 the assessor of the assessment district in which the property is located.

358.9 (b) A taxpayer claiming an exemption from taxation on property described in section  
358.10 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,  
358.11 on or before February 15 of each year for which the taxpayer claims an exemption.

358.12 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
358.13 commissioner may extend the time for filing the statement of exemption for a period not to  
358.14 exceed 60 days.

358.15 (d) The commissioner of revenue shall prescribe the ~~form and contents~~ content, format,  
358.16 and manner of the statement of exemption pursuant to section 270C.30, except that a "law  
358.17 administered by the commissioner" includes the property tax laws.

358.18 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant  
358.19 to section 270C.304, except that a "law administered by the commissioner" includes the  
358.20 property tax laws.

358.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

358.22 Sec. 19. Minnesota Statutes 2016, section 272.029, subdivision 4, is amended to read:

358.23 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under  
358.24 subdivision 3 shall file a report with the commissioner of revenue annually on or before  
358.25 ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that was produced  
358.26 by the wind energy conversion system for the previous calendar year. The commissioner  
358.27 shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section  
358.28 270C.30, except that a "law administered by the commissioner" includes the property tax  
358.29 laws. The report must contain the information required by the commissioner to determine  
358.30 the tax due to each county under this section for the current year. If an owner of a wind  
358.31 energy conversion system subject to taxation under this section fails to file the report by

359.1 the due date, the commissioner of revenue shall determine the tax based upon the nameplate  
359.2 capacity of the system multiplied by a capacity factor of 60 percent.

359.3 (b) If a report is made by electronic means, the taxpayer's signature is defined pursuant  
359.4 to section 270C.304, except that a "law administered by the commissioner" includes the  
359.5 property tax laws.

359.6 ~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner  
359.7 of the wind energy conversion systems of the tax due to each county for the current year  
359.8 and shall certify to the county auditor of each county in which the systems are located the  
359.9 tax due from each owner for the current year.

359.10 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
359.11 that the amendment in paragraph (a) moving the date to file the report is effective for reports  
359.12 filed in 2018 and thereafter.

359.13 Sec. 20. Minnesota Statutes 2016, section 272.0295, subdivision 4, is amended to read:

359.14 Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax under  
359.15 this section shall file a report with the commissioner of revenue annually on or before  
359.16 January 15 detailing the amount of electricity in megawatt-hours that was produced by the  
359.17 system in the previous calendar year. The commissioner shall prescribe the ~~form~~ content,  
359.18 format, and manner of the report pursuant to section 270C.30. The report must contain the  
359.19 information required by the commissioner to determine the tax due to each county under  
359.20 this section for the current year. If an owner of a solar energy generating system subject to  
359.21 taxation under this section fails to file the report by the due date, the commissioner of  
359.22 revenue shall determine the tax based upon the nameplate capacity of the system multiplied  
359.23 by a capacity factor of 30 percent.

359.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

359.25 Sec. 21. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

359.26 Subd. 2. **Form; information required.** The certificate of value shall require such facts  
359.27 and information as may be determined by the commissioner to be reasonably necessary in  
359.28 the administration of the state education aid formulas. The ~~form~~ commissioner shall prescribe  
359.29 the content, format, and manner of the certificate of value ~~shall be prescribed by the~~  
359.30 ~~Department of Revenue which shall provide an adequate supply of forms to each county~~  
359.31 ~~auditor~~ pursuant to section 270C.30, except that a "law administered by the commissioner"  
359.32 includes the property tax laws.

360.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

360.2 Sec. 22. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

360.3 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements  
360.4 under subdivision 1 must file a homestead application with the county assessor to initially  
360.5 obtain homestead classification.

360.6 (b) ~~The format and contents of a uniform homestead application shall be prescribed by~~  
360.7 ~~the commissioner of revenue.~~ The commissioner shall prescribe the content, format, and  
360.8 manner of the homestead application required to be filed under this chapter pursuant to  
360.9 section 270C.30. The application must clearly inform the taxpayer that this application must  
360.10 be signed by all owners who occupy the property or by the qualifying relative and returned  
360.11 to the county assessor in order for the property to receive homestead treatment.

360.12 (c) Every property owner applying for homestead classification must furnish to the  
360.13 county assessor the Social Security number of each occupant who is listed as an owner of  
360.14 the property on the deed of record, the name and address of each owner who does not occupy  
360.15 the property, and the name and Social Security number of each owner's spouse who occupies  
360.16 the property. The application must be signed by each owner who occupies the property and  
360.17 by each owner's spouse who occupies the property, or, in the case of property that qualifies  
360.18 as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

360.19 If a property owner occupies a homestead, the property owner's spouse may not claim  
360.20 another property as a homestead unless the property owner and the property owner's spouse  
360.21 file with the assessor an affidavit or other proof required by the assessor stating that the  
360.22 property qualifies as a homestead under subdivision 1, paragraph (e).

360.23 Owners or spouses occupying residences owned by their spouses and previously occupied  
360.24 with the other spouse, either of whom fail to include the other spouse's name and Social  
360.25 Security number on the homestead application or provide the affidavits or other proof  
360.26 requested, will be deemed to have elected to receive only partial homestead treatment of  
360.27 their residence. The remainder of the residence will be classified as nonhomestead residential.  
360.28 When an owner or spouse's name and Social Security number appear on homestead  
360.29 applications for two separate residences and only one application is signed, the owner or  
360.30 spouse will be deemed to have elected to homestead the residence for which the application  
360.31 was signed.

360.32 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
360.33 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for



361.1 the property to receive homestead status, a homestead application must be filed with the  
361.2 assessor. The Social Security number of each relative and spouse of a relative occupying  
361.3 the property shall be required on the homestead application filed under this subdivision. If  
361.4 a different relative of the owner subsequently occupies the property, the owner of the property  
361.5 must notify the assessor within 30 days of the change in occupancy. The Social Security  
361.6 number of a relative or relative's spouse occupying the property is private data on individuals  
361.7 as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of  
361.8 revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover  
361.9 personal property taxes owing, to the county treasurer.

361.10 (e) The homestead application shall also notify the property owners that if the property  
361.11 is granted homestead status for any assessment year, that same property shall remain  
361.12 classified as homestead until the property is sold or transferred to another person, or the  
361.13 owners, the spouse of the owner, or the relatives no longer use the property as their  
361.14 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
361.15 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
361.16 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
361.17 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
361.18 shall result in the penalty provided under this subdivision and the property will lose its  
361.19 current homestead status.

361.20 (f) If a homestead application has not been filed with the county by December 15, the  
361.21 assessor shall classify the property as nonhomestead for the current assessment year for  
361.22 taxes payable in the following year, provided that the owner may be entitled to receive the  
361.23 homestead classification by proper application under section 375.192.

361.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

361.25 Sec. 23. Minnesota Statutes 2016, section 273.371, is amended to read:

361.26 **273.371 REPORTS OF UTILITY COMPANIES.**

361.27 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,  
361.28 ~~and~~ transportation ~~company~~, and pipeline company doing business in Minnesota shall  
361.29 annually file with the commissioner on or before March 31 a report under oath setting forth  
361.30 the information prescribed by the commissioner to enable the commissioner to make  
361.31 valuations, recommended valuations, and equalization required under sections 273.33,  
361.32 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format,  
361.33 and manner of the report pursuant to section 270C.30, except that a "law administered by  
361.34 the commissioner" includes the property tax laws. If all the required information is not

362.1 available on March 31, the company or pipeline shall file the information that is available  
362.2 on or before March 31, and the balance of the information as soon as it becomes available.  
362.3 If a report is made by electronic means, the taxpayer's signature is defined pursuant to section  
362.4 270C.304, except that a "law administered by the commissioner" includes the property tax  
362.5 laws.

362.6 Subd. 2. **Extension.** The commissioner for good cause may extend the time for filing  
362.7 the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

362.8 Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report required  
362.9 by subdivision 1, the commissioner may, from information in the commissioner's possession  
362.10 or obtainable by the commissioner, make and file a report for the company or make the  
362.11 valuations, recommended valuations, and equalizations required under sections 273.33,  
362.12 273.35 to 273.37, and 273.3711.

362.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

362.14 Sec. 24. Minnesota Statutes 2016, section 287.2205, is amended to read:

362.15 **287.2205 TAX-FORFEITED LAND.**

362.16 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by  
362.17 the purchaser of tax-forfeited land whether the purchase is the result of a public auction or  
362.18 private sale or a repurchase of tax-forfeited land. State agencies and local units of government  
362.19 that acquire tax-forfeited land by purchase or any other means are subject to this section.  
362.20 The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision  
362.21 for an authorized public use under section 282.01, subdivision 1a, for a school forest under  
362.22 section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01,  
362.23 subdivision 1b.

362.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

362.25 Sec. 25. Minnesota Statutes 2016, section 289A.08, is amended by adding a subdivision  
362.26 to read:

362.27 Subd. 17. **Format.** The commissioner shall prescribe the content, format, and manner  
362.28 of the returns and other documents pursuant to section 270C.30. This does not authorize  
362.29 the commissioner to require individual income taxpayers to file individual income tax returns  
362.30 electronically.

362.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

363.1 Sec. 26. Minnesota Statutes 2016, section 289A.09, subdivision 1, is amended to read:

363.2 Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax  
363.3 under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax  
363.4 under section 290.923, subdivision 2, must file a return with the commissioner for each  
363.5 quarterly period unless otherwise prescribed by the commissioner.

363.6 (b) A person or corporation required to make deposits under section 290.9201, subdivision  
363.7 8, must file an entertainer withholding tax return with the commissioner.

363.8 (c) A person required to withhold an amount under section 290.9705, subdivision 1,  
363.9 must file a return.

363.10 (d) A partnership required to deduct and withhold tax under section 290.92, subdivision  
363.11 4b, must file a return.

363.12 (e) An S corporation required to deduct and withhold tax under section 290.92,  
363.13 subdivision 4c, must also file a return.

363.14 (f) ~~Returns must be filed in the form and manner, and contain the information prescribed~~  
363.15 ~~by the commissioner.~~ The commissioner shall prescribe the content, format, and manner  
363.16 of the returns pursuant to section 270C.30. Every return for taxes withheld must be signed  
363.17 by the employer, entertainment entity, contract payor, partnership, or S corporation, or a  
363.18 designee.

363.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

363.20 Sec. 27. Minnesota Statutes 2016, section 289A.11, subdivision 1, is amended to read:

363.21 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision  
363.22 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return  
363.23 is due, a return for the preceding reporting period must be filed with the commissioner ~~in~~  
363.24 ~~the form and manner the commissioner prescribes.~~ The commissioner shall prescribe the  
363.25 content, format, and manner of the returns pursuant to section 270C.30. A person making  
363.26 sales at retail at two or more places of business may file a consolidated return subject to  
363.27 rules prescribed by the commissioner. In computing the dollar amount of items on the return,  
363.28 the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50  
363.29 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

363.30 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax  
363.31 permit under chapter 297A and who makes annual purchases, for use in a trade or business,  
363.32 of less than \$18,500, or a person who is not required to hold a sales tax permit and who

364.1 makes purchases for personal use, that are subject to the use tax imposed by section 297A.63,  
364.2 may file an annual use tax return ~~on a form prescribed by the commissioner.~~ The  
364.3 commissioner shall prescribe the content, format, and manner of the return pursuant to  
364.4 section 270C.30. If a person who qualifies for an annual use tax reporting period is required  
364.5 to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in  
364.6 excess of \$18,500 during the calendar year, the reporting period must be considered ended  
364.7 at the end of the month in which the permit is applied for or the purchase in excess of  
364.8 \$18,500 is made and a return must be filed for the preceding reporting period.

364.9 (c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the person's  
364.10 religious beliefs from using electronics shall be allowed to file by mail, without any additional  
364.11 fees. The filer must notify the commissioner of revenue of the intent to file by mail on a  
364.12 form prescribed by the commissioner. A return filed under this paragraph must be postmarked  
364.13 no later than the day the return is due in order to be considered filed on a timely basis.

364.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

364.15 Sec. 28. Minnesota Statutes 2016, section 289A.18, subdivision 1, is amended to read:

364.16 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**  
364.17 **entertainment taxes; partnership and S corporation returns; information returns;**  
364.18 **mining company returns.** The returns required to be made under sections 289A.08 and  
364.19 289A.12 must be filed at the following times:

364.20 (1) returns made on the basis of the calendar year must be filed on April 15 following  
364.21 the close of the calendar year, except that returns of corporations and partnerships must be  
364.22 filed on the due date for filing the federal income tax return;

364.23 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth  
364.24 month following the close of the fiscal year, except that returns of corporations and  
364.25 partnerships must be filed on the due date for filing the federal income tax return;

364.26 (3) returns for a fractional part of a year must be filed on the due date for filing the  
364.27 federal income tax return;

364.28 (4) in the case of a final return of a decedent for a fractional part of a year, the return  
364.29 must be filed on the 15th day of the fourth month following the close of the 12-month period  
364.30 that began with the first day of that fractional part of a year;

364.31 (5) in the case of the return of a cooperative association, returns must be filed on or  
364.32 before the 15th day of the ninth month following the close of the taxable year;

365.1 (6) if a corporation has been divested from a unitary group and files a return for a  
365.2 fractional part of a year in which it was a member of a unitary business that files a combined  
365.3 report under section 290.17, subdivision 4, the divested corporation's return must be filed  
365.4 on the 15th day of the third month following the close of the common accounting period  
365.5 that includes the fractional year;

365.6 (7) returns of entertainment entities must be filed on April 15 following the close of the  
365.7 calendar year;

365.8 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed on  
365.9 the 15th day of the fifth month following the close of the taxable year;

365.10 (9) returns of mining companies must be filed on May 1 following the close of the  
365.11 calendar year; and

365.12 (10) returns required to be filed with the commissioner under section 289A.12,  
365.13 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the  
365.14 commissioner.

365.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

365.16 Sec. 29. Minnesota Statutes 2016, section 289A.37, subdivision 2, is amended to read:

365.17 Subd. 2. **Erroneous refunds.** ~~An erroneous refund is considered an underpayment of~~  
365.18 ~~tax on the date made. An assessment of a deficiency arising out of an erroneous refund may~~  
365.19 ~~be made at any time within two years from the making of the refund. If part of the refund~~  
365.20 ~~was induced by fraud or misrepresentation of a material fact, the assessment may be made~~  
365.21 ~~at any time.~~ (a) Except as provided in paragraph (b), an erroneous refund occurs when the  
365.22 commissioner issues a payment to a person that exceeds the amount the person is entitled  
365.23 to receive under law. An erroneous refund is considered an underpayment of tax on the date  
365.24 issued.

365.25 (b) To the extent that the amount paid does not exceed the amount claimed by the  
365.26 taxpayer, an erroneous refund does not include the following:

365.27 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
365.28 taxpayer, including but not limited to refunds of claims made under section 290.06,  
365.29 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
365.30 290.0681; or 290.0692; or chapter 290A; or

365.31 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
365.32 taxpayer.

366.1 (c) The commissioner may make an assessment to recover an erroneous refund at any  
366.2 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
366.3 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
366.4 be made at any time.

366.5 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
366.6 conducted under section 289A.38.

366.7 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
366.8 applies to all refunds issued after that date. Notwithstanding any law to the contrary, the  
366.9 changes in this section do not invalidate any assessments made by the commissioner prior  
366.10 to this effective date.

366.11 Sec. 30. Minnesota Statutes 2016, section 289A.50, subdivision 7, is amended to read:

366.12 Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the refund  
366.13 claim is denied in whole or in part, the taxpayer may:

366.14 (1) file an administrative appeal as provided in section 270C.35, or an appeal with the  
366.15 Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's notice of  
366.16 denial; or

366.17 (2) file an action in the district court to recover the refund.

366.18 (b) An action in the district court on a denied claim for refund must be brought within  
366.19 18 months of the notice date of the denial of the claim by the commissioner. For the purposes  
366.20 of this section, "notice date" has the meaning given in section 270C.35, subdivision 3.

366.21 (c) No action in the district court or the Tax Court shall be brought within six months  
366.22 of the filing of the refund claim unless the commissioner denies the claim within that period.

366.23 (d) If a taxpayer files a claim for refund and the commissioner has not issued a denial  
366.24 of the claim, the taxpayer may bring an action in the district court or the Tax Court at any  
366.25 time after the expiration of six months from the time the claim was filed.

366.26 (e) The commissioner and the taxpayer may agree to extend the period for bringing an  
366.27 action in the district court.

366.28 (f) An action for refund of tax by the taxpayer must be brought in the district court of  
366.29 the district in which lies the county of the taxpayer's residence or principal place of business.  
366.30 In the case of an estate or trust, the action must be brought at the principal place of its  
366.31 administration. Any action may be brought in the district court for Ramsey County.

367.1 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
367.2 December 31, 2017.

367.3 Sec. 31. **[290B.11] FORMS.**

367.4 The commissioner shall prescribe the content, format, and manner of all forms and other  
367.5 documents required to be filed under this chapter pursuant to section 270C.30.

367.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

367.7 Sec. 32. **[293.15] FORMS.**

367.8 The commissioner shall prescribe the content, format, and manner of all forms and other  
367.9 documents required to be filed under this chapter pursuant to section 270C.30.

367.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

367.11 Sec. 33. Minnesota Statutes 2016, section 295.55, subdivision 6, is amended to read:

367.12 Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain the~~  
367.13 ~~information and be in the form prescribed by the commissioner.~~ The commissioner shall  
367.14 prescribe the content, format, and manner of the estimated payment forms and annual return  
367.15 pursuant to section 270C.30.

367.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

367.17 Sec. 34. Minnesota Statutes 2016, section 296A.02, is amended by adding a subdivision  
367.18 to read:

367.19 Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner of  
367.20 all forms and other documents required to be filed under this chapter pursuant to section  
367.21 270C.30.

367.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

367.23 Sec. 35. Minnesota Statutes 2016, section 296A.22, subdivision 9, is amended to read:

367.24 Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order abate any  
367.25 penalty imposed under this section, if in the commissioner's opinion there is reasonable  
367.26 cause to do so.

367.27 (b) A request for abatement of penalty must be filed with the commissioner within 60  
367.28 days of the notice date ~~of the notice stating that a penalty has been imposed was mailed to~~

368.1 ~~the taxpayer's last known address.~~ For purposes of this section, "notice date" means the  
368.2 notice date designated by the commissioner on the order or other notice that a penalty has  
368.3 been imposed.

368.4 (c) If the commissioner issues an order denying a request for abatement of penalty, the  
368.5 taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax  
368.6 Court as provided in section 271.06. If the commissioner does not issue an order on the  
368.7 abatement request within 60 days from the date the request is received, the taxpayer may  
368.8 appeal to Tax Court as provided in section 271.06.

368.9 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
368.10 December 31, 2017.

368.11 Sec. 36. Minnesota Statutes 2016, section 296A.26, is amended to read:

368.12 **296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

368.13 In lieu of an administrative appeal under section 270C.35, any person aggrieved by an  
368.14 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
368.15 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
368.16 provided under section 271.06. For purposes of this section, "notice date" means the notice  
368.17 date designated by the commissioner on the order fixing a tax, penalty, or interest.

368.18 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
368.19 2017.

368.20 Sec. 37. Minnesota Statutes 2016, section 297D.02, is amended to read:

368.21 **297D.02 ADMINISTRATION.**

368.22 The commissioner of revenue shall administer this chapter. The commissioner shall  
368.23 prescribe the content, format, and manner of all forms and other documents required to be  
368.24 filed under this chapter pursuant to section 270C.30. Payments required by this chapter  
368.25 must be made to the commissioner on the form provided by the commissioner. Tax obligors  
368.26 are not required to give their name, address, Social Security number, or other identifying  
368.27 information on the form. The commissioner shall collect all taxes under this chapter.

368.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

368.29 Sec. 38. Minnesota Statutes 2016, section 297E.02, subdivision 3, is amended to read:

368.30 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable  
368.31 to the commissioner when the gambling tax return is required to be filed. Distributors must



369.1 file their monthly sales figures with the commissioner on a form prescribed by the  
369.2 commissioner. Returns covering the taxes imposed under this section must be filed with  
369.3 the commissioner on or before the 20th day of the month following the close of the previous  
369.4 calendar month. ~~The commissioner may require that the returns be filed via magnetic media~~  
369.5 ~~or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner  
369.6 of returns or other documents pursuant to section 270C.30. The proceeds, along with the  
369.7 revenue received from all license fees and other fees under sections 349.11 to 349.191,  
369.8 349.211, and 349.213, must be paid to the commissioner of management and budget for  
369.9 deposit in the general fund.

369.10 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the  
369.11 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by  
369.12 the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
369.13 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

369.14 (c) One-half of one percent of the revenue deposited in the general fund under paragraph  
369.15 (a), is appropriated to the commissioner of human services for the compulsive gambling  
369.16 treatment program established under section 245.98. One-half of one percent of the revenue  
369.17 deposited in the general fund under paragraph (a), is appropriated to the commissioner of  
369.18 human services for a grant to the state affiliate recognized by the National Council on  
369.19 Problem Gambling to increase public awareness of problem gambling, education and training  
369.20 for individuals and organizations providing effective treatment services to problem gamblers  
369.21 and their families, and research relating to problem gambling. Money appropriated by this  
369.22 paragraph must supplement and must not replace existing state funding for these programs.

369.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

369.24 Sec. 39. Minnesota Statutes 2016, section 297E.04, subdivision 1, is amended to read:

369.25 Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for use or  
369.26 resale in this state, or for receipt by a person or entity in this state, shall file with the  
369.27 commissioner, on a form prescribed by the commissioner, a report of gambling product  
369.28 sold to any person in the state, including the established governing body of an Indian tribe  
369.29 recognized by the United States Department of the Interior. The report must be filed monthly  
369.30 on or before the 20th day of the month succeeding the month in which the sale was made.  
369.31 ~~The commissioner may require that the report be submitted via magnetic media or electronic~~  
369.32 ~~data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns  
369.33 or other documents pursuant to section 270C.30. The commissioner may inspect the premises,

370.1 books, records, and inventory of a manufacturer without notice during the normal business  
370.2 hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

370.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

370.4 Sec. 40. Minnesota Statutes 2016, section 297E.05, subdivision 4, is amended to read:

370.5 Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form the  
370.6 commissioner prescribes, its sales of each type of gambling product. This report must be  
370.7 filed monthly on or before the 20th day of the month succeeding the month in which the  
370.8 sale was made. ~~The commissioner may require that a distributor submit the monthly report~~  
370.9 ~~and invoices required in this subdivision via magnetic media or electronic data transfer.~~  
370.10 The commissioner shall prescribe the content, format, and manner of returns or other  
370.11 documents pursuant to section 270C.30.

370.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

370.13 Sec. 41. Minnesota Statutes 2016, section 297E.06, subdivision 1, is amended to read:

370.14 Subdivision 1. **Reports.** An organization must file with the commissioner, on a form  
370.15 prescribed by the commissioner, a report showing all gambling activity conducted by that  
370.16 organization for each month. Gambling activity includes all gross receipts, prizes, all  
370.17 gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful  
370.18 purpose and board-approved expenditures. The report must be filed with the commissioner  
370.19 on or before the 20th day of the month following the month in which the gambling activity  
370.20 takes place. ~~The commissioner may require that the reports be filed via magnetic media or~~  
370.21 ~~electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner  
370.22 of returns or other documents pursuant to section 270C.30.

370.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

370.24 Sec. 42. Minnesota Statutes 2016, section 297F.09, subdivision 1, is amended to read:

370.25 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day of  
370.26 each calendar month, a distributor with a place of business in this state shall file a return  
370.27 with the commissioner showing the quantity of cigarettes manufactured or brought in from  
370.28 outside the state or purchased during the preceding calendar month and the quantity of  
370.29 cigarettes sold or otherwise disposed of in this state and outside this state during that month.  
370.30 A licensed distributor outside this state shall in like manner file a return showing the quantity  
370.31 of cigarettes shipped or transported into this state during the preceding calendar month.  
370.32 ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall

371.1 prescribe the content, format, and manner of returns pursuant to section 270C.30, and the  
371.2 returns must contain any other information required by the commissioner. The return must  
371.3 be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors  
371.4 subject to the accelerated tax payment requirements in subdivision 10, the return for the  
371.5 May liability is due two business days before June 30th of the year and the return for the  
371.6 June liability is due on or before August 18th of the year.

371.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

371.8 Sec. 43. Minnesota Statutes 2016, section 297F.23, is amended to read:

371.9 **297F.23 JUDICIAL REVIEW.**

371.10 In lieu of an administrative appeal under section 270C.35, a person aggrieved by an  
371.11 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
371.12 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
371.13 provided under section 271.06. For purposes of this section, "notice date" means the notice  
371.14 date designated by the commissioner on the order fixing a tax, penalty, or interest.

371.15 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
371.16 2017.

371.17 Sec. 44. Minnesota Statutes 2016, section 297G.09, subdivision 1, is amended to read:

371.18 Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or importers.**  
371.19 On or before the 18th day of each calendar month following the month in which a licensed  
371.20 manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer  
371.21 or importer first sells or imports fermented malt beverages, or a wholesaler knowingly  
371.22 acquires title to or possession of untaxed fermented malt beverages, the licensed  
371.23 manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return  
371.24 with the commissioner, and in addition must keep records and render reports as required  
371.25 by the commissioner. ~~Returns must be made in a form and manner prescribed by the~~  
371.26 ~~commissioner, and~~ The commissioner shall prescribe the content, format, and manner of  
371.27 returns pursuant to section 270C.30. The returns must contain any other information required  
371.28 by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax  
371.29 liability. Returns must be filed regardless of whether a tax is due.

371.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

372.1 Sec. 45. Minnesota Statutes 2016, section 297G.22, is amended to read:

372.2 **297G.22 JUDICIAL REVIEW.**

372.3 In lieu of an administrative appeal under this chapter, a person aggrieved by an order of  
372.4 the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days  
372.5 from ~~the date of the notice~~ date of the order, appeal to the Tax Court in the manner provided  
372.6 under section 271.06. For purposes of this section, "notice date" means the notice date  
372.7 designated by the commissioner on the order fixing a tax, penalty, or interest.

372.8 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
372.9 2017.

372.10 Sec. 46. Minnesota Statutes 2016, section 297I.30, is amended by adding a subdivision  
372.11 to read:

372.12 **Subd. 11. Format.** The commissioner shall prescribe the content, format, and manner  
372.13 of returns or other documents pursuant to section 270C.30.

372.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

372.15 Sec. 47. Minnesota Statutes 2016, section 297I.60, subdivision 2, is amended to read:

372.16 **Subd. 2. Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole  
372.17 or in part, the taxpayer may contest the denial by:

372.18 (1) filing an administrative appeal with the commissioner under section 270C.35;

372.19 (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice of denial~~;  
372.20 or

372.21 (3) filing an action in the district court to recover the refund.

372.22 (b) An action in the district court must be brought within 18 months ~~following~~ of the  
372.23 notice date of the ~~notice of denial~~. For purposes of this section, "notice date" has the meaning  
372.24 given in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be  
372.25 brought in the district court of the district in which lies the taxpayer's principal place of  
372.26 business or in the District Court for Ramsey County. If a taxpayer files a claim for refund  
372.27 and the commissioner has not issued a denial of the claim, the taxpayer may bring an action  
372.28 in the district court or the Tax Court at any time after the expiration of six months from the  
372.29 time the claim was filed.

372.30 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
372.31 December 31, 2017.

373.1 Sec. 48. Minnesota Statutes 2016, section 469.319, subdivision 5, is amended to read:

373.2 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment  
373.3 required under subdivision 1, if the commissioner, in consultation with the commissioner  
373.4 of employment and economic development and appropriate officials from the local  
373.5 government units in which the qualified business is located, determines that requiring  
373.6 repayment of the tax is not in the best interest of the state or the local government units and  
373.7 the business ceased operating as a result of circumstances beyond its control including, but  
373.8 not limited to:

373.9 (1) a natural disaster;

373.10 (2) unforeseen industry trends; or

373.11 (3) loss of a major supplier or customer.

373.12 (b)(1) The commissioner shall waive repayment required under subdivision 1a if the  
373.13 commissioner has waived repayment by the operating business under subdivision 1, unless  
373.14 the person that received benefits without having to operate a business in the zone was a  
373.15 contributing factor in the qualified business becoming subject to repayment under subdivision  
373.16 1;

373.17 (2) the commissioner shall waive the repayment required under subdivision 1a, even if  
373.18 the repayment has not been waived for the operating business if:

373.19 (i) the person that received benefits without having to operate a business in the zone and  
373.20 the business that operated in the zone are not related parties as defined in section 267(b) of  
373.21 the Internal Revenue Code of 1986, as amended through December 31, 2007; and

373.22 (ii) actions of the person were not a contributing factor in the qualified business becoming  
373.23 subject to repayment under subdivision 1.

373.24 (c) Requests for waiver must be made no later than 60 days after the earlier of the notice  
373.25 date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement  
373.26 issued under subdivision 4, paragraph (c). For purposes of this section, "notice date" means  
373.27 the notice date designated by the commissioner on the order.

373.28 **EFFECTIVE DATE.** This section is effective for orders of the commissioner of revenue  
373.29 dated after December 31, 2017.

373.30 Sec. 49. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

373.31 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
373.32 ~~September 30, 2015~~ December 31, 2017.

374.1 **EFFECTIVE DATE.** This section is effective retroactively from September 30, 2015.

374.2 **ARTICLE 20**

374.3 **DEPARTMENT OF REVENUE 2015-2016 SUSTAINABLE FOREST INCENTIVE**  
374.4 **ACT PROVISIONS**

374.5 Section 1. Minnesota Statutes 2016, section 290C.03, is amended to read:

374.6 **290C.03 ELIGIBILITY REQUIREMENTS.**

374.7 (a) Land may be enrolled in the sustainable forest incentive program under this chapter  
374.8 if all of the following conditions are met:

374.9 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the land  
374.10 must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

374.11 (2) a forest management plan for the land must be (i) prepared by an approved plan  
374.12 writer and implemented during the period in which the land is enrolled, and (ii) registered  
374.13 with the Department of Natural Resources;

374.14 (3) timber harvesting and forest management guidelines must be used in conjunction  
374.15 with any timber harvesting or forest management activities conducted on the land during  
374.16 the period in which the land is enrolled;

374.17 (4) the land must be enrolled for a minimum of eight years;

374.18 (5) there are no delinquent property taxes on the land; ~~and~~

374.19 (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program  
374.20 must allow year-round, nonmotorized access to fish and wildlife resources and motorized  
374.21 access on established and maintained roads and trails, unless the road or trail is temporarily  
374.22 closed for safety, natural resource, or road damage reasons on enrolled land except within  
374.23 one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined  
374.24 by the commissioner of natural resources; and

374.25 (7) the land is not classified as 2c managed forest land.

374.26 (b) Claimants required to allow access under paragraph (a), clause (6), do not by that  
374.27 action:

374.28 (1) extend any assurance that the land is safe for any purpose;

374.29 (2) confer upon the person the legal status of an invitee or licensee to whom a duty of  
374.30 care is owed; or

375.1 (3) assume responsibility for or incur liability for any injury to the person or property  
375.2 caused by an act or omission of the person.

375.3 (c) A minimum of three acres must be excluded from enrolled land when the land is  
375.4 improved with a structure that is not a minor, ancillary, or nonresidential structure. If land  
375.5 does not meet the definition of forest land in section 290C.02, subdivision 6, because the  
375.6 land is (1) enrolled in the reinvest in Minnesota program, (2) enrolled in a state or federal  
375.7 conservation reserve or easement program under sections 103F.501 to 103F.531, (3) subject  
375.8 to the Minnesota agricultural property tax under section 273.111, or (4) subject to agricultural  
375.9 land preservation controls or restrictions as defined in section 40A.02 or the Metropolitan  
375.10 Agricultural Preserves Act under chapter 473H, the entire parcel that contains the land is  
375.11 not eligible to be enrolled in the program.

375.12 **EFFECTIVE DATE.** The amendment to paragraph (a), clause (2), is effective for  
375.13 certifications filed after July 1, 2018. The amendment adding paragraph (a), clause (7), is  
375.14 effective for certifications and applications due in 2017 and thereafter. The amendment  
375.15 adding paragraph (c) is effective the day following final enactment.

375.16 **Sec. 2. [290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.**

375.17 On request of the commissioner, the commissioner of natural resources must annually  
375.18 provide verification that the claimant has a current forest management plan on file with the  
375.19 Department of Natural Resources.

375.20 **EFFECTIVE DATE.** This section is effective for certifications filed after July 1, 2018.

375.21 **Sec. 3. REPEALER.**

375.22 Minnesota Statutes 2016, sections 290C.02, subdivisions 5 and 9; and 290C.06, are  
375.23 repealed.

375.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

375.25

## ARTICLE 21

375.26 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME, CORPORATE**  
375.27 **FRANCHISE, AND ESTATE TAX TECHNICAL PROVISIONS**

375.28 Section 1. Minnesota Statutes 2016, section 290.0132, subdivision 21, is amended to read:

375.29 Subd. 21. **Military service pension; retirement pay.** To the extent included in federal  
375.30 taxable income, compensation received from a pension or other retirement pay from the  
375.31 federal government for service in the military, as computed under United States Code, title

376.1 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction ~~must~~  
376.2 ~~not include any amount used to claim the credit allowed under section 290.0677~~ is limited  
376.3 to individuals who do not claim the credit under section 290.0677.

376.4 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
376.5 after December 31, 2015.

376.6 Sec. 2. Minnesota Statutes 2016, section 290A.03, subdivision 3, is amended to read:

376.7 Subd. 3. **Income.** (a) "Income" means the sum of the following:

376.8 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

376.9 (2) the sum of the following amounts to the extent not included in clause (1):

376.10 (i) all nontaxable income;

376.11 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
376.12 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
376.13 carryover allowed under section 469(b) of the Internal Revenue Code;

376.14 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
376.15 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
376.16 Code;

376.17 (iv) cash public assistance and relief;

376.18 (v) any pension or annuity (including railroad retirement benefits, all payments received  
376.19 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
376.20 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
376.21 by the claimant or spouse and which funding payments were excluded from federal adjusted  
376.22 gross income in the years when the payments were made;

376.23 (vi) interest received from the federal or a state government or any instrumentality or  
376.24 political subdivision thereof;

376.25 (vii) workers' compensation;

376.26 (viii) nontaxable strike benefits;

376.27 (ix) the gross amounts of payments received in the nature of disability income or sick  
376.28 pay as a result of accident, sickness, or other disability, whether funded through insurance  
376.29 or otherwise;

376.30 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
376.31 1986, as amended through December 31, 1995;



377.1 (xi) contributions made by the claimant to an individual retirement account, including  
377.2 a qualified voluntary employee contribution; simplified employee pension plan;  
377.3 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
377.4 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
377.5 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
377.6 the claimant and spouse;

377.7 (xii) to the extent not included in federal adjusted gross income, distributions received  
377.8 by the claimant or spouse from a traditional or Roth style retirement account or plan;

377.9 (xiii) nontaxable scholarship or fellowship grants;

377.10 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

377.11 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
377.12 Code;

377.13 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
377.14 Code; and

377.15 (xvii) the amount deducted for certain expenses of elementary and secondary school  
377.16 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

377.17 In the case of an individual who files an income tax return on a fiscal year basis, the  
377.18 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
377.19 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
377.20 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
377.21 or carryforward allowed for the year.

377.22 (b) "Income" does not include:

377.23 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

377.24 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
377.25 or spouse and which funding payments were not excluded from federal adjusted gross  
377.26 income in the years when the payments were made;

377.27 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
377.28 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
377.29 the retirement base amount reduced by the amount of contributions excluded from federal  
377.30 adjusted gross income, but not less than zero;

377.31 (4) surplus food or other relief in kind supplied by a governmental agency;

377.32 (5) relief granted under this chapter;

378.1 (6) child support payments received under a temporary or final decree of dissolution or  
378.2 legal separation; or

378.3 (7) restitution payments received by eligible individuals and excludable interest as  
378.4 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
378.5 Public Law 107-16.

378.6 (c) The sum of the following amounts may be subtracted from income:

378.7 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

378.8 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

378.9 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

378.10 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

378.11 (5) for the claimant's fifth dependent, the exemption amount; and

378.12 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or  
378.13 before December 31 of the year for which the taxes were levied or rent paid, the exemption  
378.14 amount.

378.15 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
378.16 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
378.17 the income is reported; "retirement base amount" means the deductible amount for the  
378.18 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue  
378.19 Code, adjusted for inflation as provided in section 219(b)(5)(~~D~~)(C) of the Internal Revenue  
378.20 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional  
378.21 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
378.22 408, 408A, and 457 of the Internal Revenue Code.

378.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

378.24 Sec. 3. Minnesota Statutes 2016, section 290A.10, is amended to read:

378.25 **290A.10 PROOF OF TAXES PAID.**

378.26 ~~Every~~ If requested by the commissioner of revenue, a claimant who files a claim for  
378.27 relief for property taxes payable shall ~~include with the claim~~ provide a property tax statement  
378.28 or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue  
378.29 indicating that there are no delinquent property taxes on the homestead. Indication on the  
378.30 property tax statement from the county treasurer that there are no delinquent taxes on the  
378.31 homestead shall be sufficient proof. Taxes included in a confession of judgment under

379.1 section 277.23 or 279.37 shall not constitute delinquent taxes as long as the claimant is  
379.2 current on the payments required to be made under section 277.23 or 279.37.

379.3 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
379.4 December 31, 2015, and property taxes payable after December 31, 2016.

379.5 Sec. 4. Minnesota Statutes 2016, section 291.075, is amended to read:

379.6 **291.075 SPECIAL USE VALUATION OF QUALIFIED PROPERTY.**

379.7 If, after the final determination of the tax imposed by this chapter, the property valued  
379.8 pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify  
379.9 and an additional tax is imposed pursuant to section 2032A(c), any increase in ~~the credit~~  
379.10 ~~for state death taxes~~ federal gross or taxable estate shall be reported to the commissioner  
379.11 within 90 days ~~after final determination of the increased credit of the federal adjustment.~~  
379.12 Upon notification the commissioner may assess an additional tax in accordance with section  
379.13 291.03, subdivision 1.

379.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

379.15 Sec. 5. **REPEALER.**

379.16 Minnesota Statutes 2016, sections 290.9743; and 290.9744, are repealed.

379.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

379.18

## ARTICLE 22

379.19 **DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT**  
379.20 **AID TECHNICAL PROVISIONS**

379.21 Section 1. Minnesota Statutes 2016, section 270.078, subdivision 1, is amended to read:

379.22 Subdivision 1. **Conformance to federal law.** If any provision of sections 270.071 to  
379.23 270.079 is contrary to any provision of any law of the United States of America, hereinafter  
379.24 enacted, providing for or relating to the ad valorem taxation by a state of aircraft or flying  
379.25 equipment of an airline company, such provision shall be of no effect and the commissioner  
379.26 is authorized and directed to prescribe by rule such provisions as may be necessary to make  
379.27 sections 270.071 to 270.079 conform to the federal act and to effectuate the purposes of  
379.28 sections 270.071 to 270.079, provided such rules do not prescribe a rate of taxation higher  
379.29 than that provided in section 270.075 or a net tax capacity based on a percentage higher  
379.30 than that provided in section 270.074, subdivision ~~2~~ 3.

379.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

380.1 Sec. 2. Minnesota Statutes 2016, section 273.0755, is amended to read:

380.2 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

380.3 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
380.4 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
380.5 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
380.6 Revenue at least once in every four-year period. An assessor need not attend the course if  
380.7 they successfully pass the test for the course.

380.8 (b) The commissioner of revenue may require that each county, and each city for which  
380.9 the city assessor performs the duties of county assessor, have (i) a person on the assessor's  
380.10 staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer  
380.11 or employee who is certified by the Department of Revenue in tax calculations, and (iii) an  
380.12 officer or employee who is certified by the Department of Revenue in the proper preparation  
380.13 of abstracts of assessment. The commissioner of revenue may require that each county have  
380.14 an officer or employee who is certified by the Department of Revenue in the proper  
380.15 preparation of abstracts of tax lists. Certifications under this paragraph expire after four  
380.16 years.

380.17 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
380.18 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
380.19 in a seminar that focuses on ethics, professional conduct and the need for standardized  
380.20 assessment practices developed and presented by the commissioner of revenue. This  
380.21 requirement must be met at least once in every subsequent four-year period. This requirement  
380.22 applies to all assessors licensed for one year or more in the four-year period.

380.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

380.24 Sec. 3. Minnesota Statutes 2016, section 273.135, subdivision 1, is amended to read:

380.25 Subdivision 1. **Reduction in tax; tax relief area.** The property tax to be paid in respect  
380.26 to property taxable within a tax relief area as defined in section 273.134, paragraph (b), on  
380.27 homestead property, as otherwise determined by law and regardless of the market value of  
380.28 the property, and on nonhomestead portions of property classified as both homestead and  
380.29 nonhomestead property as provided in section 273.124, subdivision 11, for all purposes  
380.30 shall be reduced in the amount prescribed by subdivision 2, subject to the limitations  
380.31 contained therein.

380.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

381.1 Sec. 4. Minnesota Statutes 2016, section 414.09, subdivision 2, is amended to read:

381.2 Subd. 2. **Transmittal of order.** The chief administrative law judge shall see that copies  
381.3 of the order are mailed to all parties entitled to mailed notice of hearing under subdivision  
381.4 1, the secretary of state, ~~the Department of Revenue~~, the state demographer, individual  
381.5 property owners if initiated in that manner, affected county auditor, and any other party of  
381.6 record. The affected county auditor shall record the order against the affected property.

381.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

381.8 Sec. 5. Minnesota Statutes 2016, section 477A.0124, subdivision 2, is amended to read:

381.9 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the  
381.10 meanings given them.

381.11 (b) "County program aid" means the sum of "county need aid," "county tax base  
381.12 equalization aid," and "county transition aid."

381.13 (c) "Age-adjusted population" means a county's population multiplied by the county age  
381.14 index.

381.15 (d) "County age index" means the percentage of the population ~~over~~ age 65 and over  
381.16 within the county divided by the percentage of the population ~~over~~ age 65 and over within  
381.17 the state, except that the age index for any county may not be greater than 1.8 nor less than  
381.18 0.8.

381.19 (e) "Population ~~over~~ age 65 and over" means the population ~~over~~ age 65 and over  
381.20 established as of July 15 in an aid calculation year by the most recent federal census, by a  
381.21 special census conducted under contract with the United States Bureau of the Census, by a  
381.22 population estimate made by the Metropolitan Council, or by a population estimate of the  
381.23 state demographer made pursuant to section 4A.02, whichever is the most recent as to the  
381.24 stated date of the count or estimate for the preceding calendar year and which has been  
381.25 certified to the commissioner of revenue on or before July 15 of the aid calculation year. A  
381.26 revision to an estimate or count is effective for these purposes only if certified to the  
381.27 commissioner on or before July 15 of the aid calculation year. Clerical errors in the  
381.28 certification or use of estimates and counts established as of July 15 in the aid calculation  
381.29 year are subject to correction within the time periods allowed under section 477A.014.

381.30 (f) "Part I crimes" means the three-year average annual number of Part I crimes reported  
381.31 for each county by the Department of Public Safety for the most recent years available. By  
381.32 July 1 of each year, the commissioner of public safety shall certify to the commissioner of

382.1 revenue the number of Part I crimes reported for each county for the three most recent  
382.2 calendar years available.

382.3 (g) "Households receiving food stamps" means the average monthly number of  
382.4 households receiving food stamps for the three most recent years for which data is available.  
382.5 By July 1 of each year, the commissioner of human services must certify to the commissioner  
382.6 of revenue the average monthly number of households in the state and in each county that  
382.7 receive food stamps, for the three most recent calendar years available.

382.8 (h) "County net tax capacity" means the county's adjusted net tax capacity under section  
382.9 273.1325.

382.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

382.11 Sec. 6. Minnesota Statutes 2016, section 477A.013, subdivision 1, is amended to read:

382.12 Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution  
382.13 under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town  
382.14 area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the  
382.15 following terms have the meanings given them:

382.16 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of  
382.17 agricultural property located in a town, ~~divided by~~ to the adjusted net tax capacity of all  
382.18 other property located in the town. The agricultural property factor cannot exceed eight;

382.19 (2) "agricultural property" means property classified under section 273.13, as homestead  
382.20 and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal  
382.21 recreational property;

382.22 (3) "town area factor" means the most recent estimate of total acreage, not to exceed  
382.23 50,000 acres, located in the township available as of July 1 in the aid calculation year,  
382.24 estimated or established by:

382.25 (i) the United States Bureau of the Census;

382.26 (ii) the State Land Management Information Center; or

382.27 (iii) the secretary of state; and

382.28 (4) "population factor" means the square root of the towns' population.

382.29 (b) If the sum of the aids payable to all towns under this subdivision exceeds the limit  
382.30 under section 477A.03, subdivision 2c, the distribution to each town must be reduced

383.1 proportionately so that the total amount of aids distributed under this section does not exceed  
383.2 the limit in section 477A.03, subdivision 2c.

383.3 (c) Data used in calculating aids to towns under this subdivision, other than acreage,  
383.4 shall be the most recently available data as of January 1 in the year in which the aid is  
383.5 calculated.

383.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

### 383.7 **ARTICLE 23**

#### 383.8 **DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES** 383.9 **TECHNICAL PROVISIONS**

383.10 Section 1. Minnesota Statutes 2016, section 270C.171, subdivision 1, is amended to read:

383.11 Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group  
383.12 of units the authority to impose a local tax other than sales tax, including but not limited to  
383.13 taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the  
383.14 Department of Revenue either has agreed to or is required to administer the tax, such that  
383.15 the tax is reported and paid with the chapter 297A taxes, then ~~the local government unit or~~  
383.16 ~~group of units must adopt~~ each ~~definition term~~ used in the special law is defined as follows:

383.17 (1) ~~the definition must be identical to the definition found~~ as defined in chapter 297A  
383.18 or in Minnesota Rules, chapter 8130; or

383.19 (2) if the specific term is not defined either in chapter 297A or in Minnesota Rules,  
383.20 chapter 8130, then ~~the definition must be~~ defined consistent with the position of the  
383.21 Department of Revenue as to the extent of the tax base.

383.22 (b) This subdivision does not apply to terms that are defined by the authorizing special  
383.23 law.

383.24 (c) This subdivision applies notwithstanding whether a local government unit or group  
383.25 of units adopts consistent definitions into local law.

383.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

383.27 Sec. 2. Minnesota Statutes 2016, section 298.01, subdivision 3, is amended to read:

383.28 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining,  
383.29 refining, or producing ores, metals, or minerals in this state, except iron ore or taconite  
383.30 concentrates, shall pay an occupation tax to the state of Minnesota as provided in this  
383.31 subdivision. For purposes of this subdivision, mining includes the application of

384.1 hydrometallurgical processes. Hydrometallurgical processes are processes that extract the  
384.2 ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and recover  
384.3 the ore, metal, or mineral. The tax is determined in the same manner as the tax imposed by  
384.4 section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision  
384.5 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by  
384.6 applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax~~  
384.7 ~~under this section shall apportion its net income on the basis of the percentage obtained by~~  
384.8 ~~taking the sum of:~~

384.9 ~~(1) 75 percent of the percentage which the sales made within this state in connection~~  
384.10 ~~with the trade or business during the tax period are of the total sales wherever made in~~  
384.11 ~~connection with the trade or business during the tax period;~~

384.12 ~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer~~  
384.13 ~~in this state in connection with the trade or business during the tax period is of the total~~  
384.14 ~~tangible property, wherever located, used by the taxpayer in connection with the trade or~~  
384.15 ~~business during the tax period; and~~

384.16 ~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred~~  
384.17 ~~in this state or paid in respect to labor performed in this state in connection with the trade~~  
384.18 ~~or business during the tax period are of the taxpayer's total payrolls paid or incurred in~~  
384.19 ~~connection with the trade or business during the tax period.~~

384.20 The tax is in addition to all other taxes.

384.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

384.22 Sec. 3. Minnesota Statutes 2016, section 298.01, subdivision 4, is amended to read:

384.23 Subd. 4. **Occupation tax; iron ore; taconite concentrates.** A person engaged in the  
384.24 business of mining or producing of iron ore, taconite concentrates or direct reduced ore in  
384.25 this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the  
384.26 same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision  
384.27 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the  
384.28 occupation tax shall be computed by applying to taxable income the rate of 2.45 percent.  
384.29 ~~A person subject to occupation tax under this section shall apportion its net income on the~~  
384.30 ~~basis of the percentage obtained by taking the sum of:~~

384.31 ~~(1) 75 percent of the percentage which the sales made within this state in connection~~  
384.32 ~~with the trade or business during the tax period are of the total sales wherever made in~~  
384.33 ~~connection with the trade or business during the tax period;~~



385.1 ~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer~~  
385.2 ~~in this state in connection with the trade or business during the tax period is of the total~~  
385.3 ~~tangible property, wherever located, used by the taxpayer in connection with the trade or~~  
385.4 ~~business during the tax period; and~~

385.5 ~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred~~  
385.6 ~~in this state or paid in respect to labor performed in this state in connection with the trade~~  
385.7 ~~or business during the tax period are of the taxpayer's total payrolls paid or incurred in~~  
385.8 ~~connection with the trade or business during the tax period.~~

385.9 The tax is in addition to all other taxes.

385.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

385.11 Sec. 4. Minnesota Statutes 2016, section 298.24, subdivision 1, is amended to read:

385.12 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is  
385.13 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and  
385.14 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,  
385.15 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom. ~~The~~  
385.16 ~~tax is also imposed upon other iron-bearing material.~~

385.17 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal  
385.18 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied  
385.19 by the percentage increase in the implicit price deflator from the fourth quarter of the second  
385.20 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means  
385.21 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic  
385.22 Analysis of the United States Department of Commerce.

385.23 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron  
385.24 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,  
385.25 when dried at 212 degrees Fahrenheit.

385.26 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
385.27 production for the current year and the previous two years. The rate of the tax imposed will  
385.28 be the current year's tax rate. This clause shall not apply in the case of the closing of a  
385.29 taconite facility if the property taxes on the facility would be higher if this clause and section  
385.30 298.25 were not applicable. ~~The tax on other iron-bearing material shall be imposed on the~~  
385.31 ~~current year production.~~

386.1 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material. The  
386.2 tax on other iron-bearing material shall be imposed on the current year production. The rate  
386.3 of the tax imposed is the current year's tax rate.

386.4 ~~(e)~~ (f) If the tax or any part of the tax imposed by this subdivision is held to be  
386.5 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced  
386.6 shall be imposed.

386.7 ~~(f)~~ (g) Consistent with the intent of this subdivision to impose a tax based upon the  
386.8 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
386.9 determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
386.10 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux  
386.11 additives included in the pellets from the weight of the pellets. For purposes of this paragraph,  
386.12 "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or  
386.13 other basic flux additives are combined with merchantable iron ore concentrate. No  
386.14 subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical  
386.15 additives other than basic flux additives, or moisture.

386.16 ~~(g)~~ (h)(1) Notwithstanding any other provision of this subdivision, for the first two years  
386.17 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
386.18 tax is imposed under this section. As used in this paragraph, "commercial production" is  
386.19 production of more than 50,000 tons of direct reduced ore in the current year or in any prior  
386.20 year, "noncommercial production" is production of 50,000 tons or less of direct reduced  
386.21 ore in any year, and "direct reduced ore" is ore that results in a product that has an iron  
386.22 content of at least 75 percent. For the third year of a plant's commercial production of direct  
386.23 reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise  
386.24 determined under this subdivision. For the fourth commercial production year, the rate is  
386.25 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial  
386.26 production year, the rate is 75 percent of the rate otherwise determined under this subdivision;  
386.27 and for all subsequent commercial production years, the full rate is imposed.

386.28 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the  
386.29 tax imposed by this section, but if that production is not produced by a producer of taconite,  
386.30 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or  
386.31 other iron-bearing material, that is consumed in the production of direct reduced ~~iron ore~~ ore  
386.32 in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or  
386.33 other iron-bearing material.

387.1 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct  
387.2 reduced ore under this section during the facility's noncommercial production of direct  
387.3 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of  
387.4 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.  
387.5 Three-year average production of direct reduced ore does not include production of direct  
387.6 reduced ore in any noncommercial year. Three-year average production for a direct reduced  
387.7 ore facility that has noncommercial production is the average of the commercial production  
387.8 of direct reduced ore for the current year and the previous two commercial years.

387.9 (4) This paragraph applies only to plants for which all environmental permits have been  
387.10 obtained and construction has begun before July 1, 2008.

387.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

387.12 Sec. 5. Minnesota Statutes 2016, section 298.28, subdivision 2, is amended to read:

387.13 Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of  
387.14 merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount  
387.15 provided in paragraph (c), must be allocated to the city or town in the county in which the  
387.16 lands from which taconite was mined or quarried were located or within which the  
387.17 concentrate was produced. If the mining, quarrying, and concentration, or different steps  
387.18 in either thereof are carried on in more than one taxing district, the commissioner shall  
387.19 apportion equitably the proceeds of the part of the tax going to cities and towns among such  
387.20 subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation  
387.21 of mining or quarrying the taconite, and the remainder to the concentrating plant and to the  
387.22 processes of concentration, and with respect to each thereof giving due consideration to the  
387.23 relative extent of such operations performed in each such taxing district. The commissioner's  
387.24 order making such apportionment shall be subject to review by the Tax Court at the instance  
387.25 of any of the interested taxing districts, in the same manner as other orders of the  
387.26 commissioner.

387.27 (b)(1) Four cents per taxable ton shall be allocated to cities and organized townships  
387.28 affected by mining because their boundaries are within three miles of a taconite mine pit  
387.29 that:

387.30 (i) was actively mined by LTV Steel Mining Company in 1999; or

387.31 (ii) has been actively mined in at least one of the prior three years.

387.32 (2) If a city or town is located near more than one mine meeting ~~these~~ the criteria under  
387.33 this paragraph, the city or town is eligible to receive aid calculated from only the mine

388.1 producing the largest taxable tonnage. When more than one municipality qualifies for aid  
388.2 based on one company's production, the aid must be apportioned among the municipalities  
388.3 in proportion to their populations. The amounts distributed under this paragraph to each  
388.4 municipality must be used for infrastructure improvement projects.

388.5 (c) The amount that would have been computed for the current year under Minnesota  
388.6 Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to  
388.7 the cities and townships within the school district in the proportion that their taxable net tax  
388.8 capacity within the school district bears to the taxable net tax capacity of the school district  
388.9 for property taxes payable in the year prior to distribution.

388.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

388.11 Sec. 6. Minnesota Statutes 2016, section 298.28, subdivision 5, is amended to read:

388.12 Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023,  
388.13 and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties  
388.14 to be distributed, based upon certification by the commissioner of revenue, under paragraphs  
388.15 (b) to (d).

388.16 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite  
388.17 is mined or quarried or in which the concentrate is produced, less any amount which is to  
388.18 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision  
388.19 2 is the basis for the distribution.

388.20 (c) ~~1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)~~  
388.21 ~~shall be paid to a county that received a distribution under this section in 2000 because there~~  
388.22 ~~was located in the county an electric power plant owned by and providing the primary source~~  
388.23 ~~of power for a taxpayer mining and concentrating taconite is located in a different county~~  
388.24 ~~other than the county in which the mining and the concentrating processes are conducted,~~  
388.25 ~~one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and~~  
388.26 ~~imposed on and collected from such taxpayer shall be paid to the county in which the power~~  
388.27 ~~plant is located.~~

388.28 (d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents  
388.29 per taxable ton for distributions beginning in 2024, shall be paid to the county from which  
388.30 the taconite was mined, quarried or concentrated to be deposited in the county road and  
388.31 bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those  
388.32 processes are carried on in more than one county, the commissioner shall follow the  
388.33 apportionment formula prescribed in subdivision 2.

389.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

389.2 **ARTICLE 24**

389.3 **DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT**  
389.4 **AID POLICY PROVISIONS**

389.5 Section 1. Minnesota Statutes 2016, section 270.074, subdivision 1, is amended to read:

389.6 Subdivision 1. **Valuation.** The commissioner shall determine the market valuation of  
389.7 all flight property operated or used by every airline company in air commerce in this state.  
389.8 The valuation apportioned to this state of such flight property shall be the proportion of the  
389.9 total valuation thereof determined on the basis of the total of the following percentages:

389.10 ~~(1) 33-1/3 percent of the percentage which the total tonnage of passengers, express and~~  
389.11 ~~freight first received by the airline company in this state during the preceding calendar year~~  
389.12 ~~plus the total tonnage of passengers, express and freight finally discharged by it within this~~  
389.13 ~~state during the preceding calendar year is of the total of such tonnage first received by the~~  
389.14 ~~airline company or finally discharged by it, within and without this state during the preceding~~  
389.15 ~~calendar year.~~

389.16 ~~(2) 33-1/3 percent of the percentage which, in equated plane hours, the total time of all~~  
389.17 ~~aircraft of the airline company in flight in this state during the preceding calendar year, is~~  
389.18 ~~of the total of such time in flight within and without this state during the preceding calendar~~  
389.19 ~~year.~~

389.20 ~~(3) 33-1/3~~ (1) 50 percent of the percentage which the number of revenue ton miles of  
389.21 passengers, mail, express and freight flown by the airline company within this state during  
389.22 the preceding calendar year is of the total number of such miles flown by it within and  
389.23 without this state during the preceding calendar year.

389.24 (2) 50 percent of the percentage that the total departures performed by the airline company  
389.25 within this state during the preceding calendar year is of the total departures performed  
389.26 within and without this state during the preceding calendar year.

389.27 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

389.28 Sec. 2. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

389.29 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
389.30 the state of Minnesota or any political subdivision thereof, ~~and property exempt from taxation~~  
389.31 ~~under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times~~  
389.32 ~~provided in subdivision 3,~~ a taxpayer claiming an exemption from taxation on property

390.1 described in section 272.02, ~~subdivisions 2 to 33~~, must file a statement of exemption with  
390.2 the assessor of the assessment district in which the property is located. By February 1, 2018,  
390.3 and by February 1 of each third year thereafter, the commissioner of revenue shall publish  
390.4 on its Web site a list of the exemptions for which a taxpayer claiming an exemption must  
390.5 file a statement of exemption. The commissioner's requirement that a taxpayer file a statement  
390.6 of exemption pursuant to this subdivision shall not be considered a rule and is not subject  
390.7 to the Administrative Procedure Act, chapter 14.

390.8 (b) A taxpayer claiming an exemption from taxation on property described in section  
390.9 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,  
390.10 on or before February 15 of each year for which the taxpayer claims an exemption.

390.11 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
390.12 commissioner may extend the time for filing the statement of exemption for a period not to  
390.13 exceed 60 days.

390.14 (d) The commissioner of revenue shall prescribe the form and contents of the statement  
390.15 of exemption.

390.16 **EFFECTIVE DATE.** This section is effective for applications for exemption submitted  
390.17 in 2018 and thereafter.

390.18 Sec. 3. Minnesota Statutes 2016, section 272.0295, is amended by adding a subdivision  
390.19 to read:

390.20 **Subd. 8. Extension.** The commissioner may, for good cause, extend the time for filing  
390.21 the report required by subdivision 4. The extension must not exceed 15 days.

390.22 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

390.23 Sec. 4. Minnesota Statutes 2016, section 272.115, subdivision 1, is amended to read:

390.24 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5 or 6,  
390.25 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$1,500, whether by  
390.26 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
390.27 grantee or the legal agent of either shall file a certificate of value with the county auditor  
390.28 in the county in which the property is located when the deed or other document is presented  
390.29 for recording. Contract for deeds are subject to recording under section 507.235, subdivision  
390.30 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration  
390.31 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items  
390.32 and value of personal property transferred with the real property must be listed and deducted

391.1 from the sale price. The certificate of value shall include the classification to which the  
391.2 property belongs for the purpose of determining the fair market value of the property, and  
391.3 shall include any proposed change in use of the property known to the person filing the  
391.4 certificate that could change the classification of the property. The certificate shall include  
391.5 financing terms and conditions of the sale which are necessary to determine the actual,  
391.6 present value of the sale price for purposes of the sales ratio study. If the property is being  
391.7 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code  
391.8 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.  
391.9 The commissioner of revenue shall promulgate administrative rules specifying the financing  
391.10 terms and conditions which must be included on the certificate. The certificate of value  
391.11 must include the Social Security number or the federal employer identification number of  
391.12 the grantors and grantees. However, a married person who is not an owner of record and  
391.13 who is signing a conveyance instrument along with the person's spouse solely to release  
391.14 and convey their marital interest, if any, in the real property being conveyed is not a grantor  
391.15 for the purpose of the preceding sentence. A statement in the deed that is substantially in  
391.16 the following form is sufficient to allow the county auditor to accept a certificate for filing  
391.17 without the Social Security number of the named spouse: "(Name) claims no ownership  
391.18 interest in the real property being conveyed and is executing this instrument solely to release  
391.19 and convey a marital interest, if any, in that real property." The identification numbers of  
391.20 the grantors and grantees are private data on individuals or nonpublic data as defined in  
391.21 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or  
391.22 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax  
391.23 administration. The information required to be shown on the certificate of value is limited  
391.24 to the information required as of the date of the acknowledgment on the deed or other  
391.25 document to be recorded. The commissioner's determination of the amount for which a  
391.26 certificate of value is required pursuant to this subdivision shall not be considered a rule  
391.27 and is not subject to the Administrative Procedure Act, chapter 14.

391.28 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
391.29 December 31, 2017.

391.30 Sec. 5. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

391.31 Subd. 2. **Form; information required.** The certificate of value shall require such facts  
391.32 and information as may be determined by the commissioner to be reasonably necessary in  
391.33 the administration of the state education aid formulas. The form of the certificate of value  
391.34 shall be prescribed by the Department of Revenue ~~which shall provide an adequate supply~~  
391.35 ~~of forms to each county auditor.~~

392.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

392.2 Sec. 6. Minnesota Statutes 2016, section 272.115, subdivision 3, is amended to read:

392.3 Subd. 3. **Copies transmitted; homestead status.** The county auditor shall transmit ~~two~~  
392.4 ~~true copies~~ of the certificate of value to the assessor who shall insert into the certificate of  
392.5 value the most recent market value and when available, the year of original construction of  
392.6 each parcel of property ~~on both copies,~~ and shall transmit ~~one copy~~ the certificate of value  
392.7 to the Department of Revenue. Upon the request of a city council located within the county,  
392.8 a copy of each certificate of value for property located in that city shall be made available  
392.9 to the governing body of the city. The assessor shall remove the homestead classification  
392.10 for the following assessment year from a property which is sold or transferred, unless the  
392.11 grantee or the person to whom the property is transferred completes a homestead application  
392.12 under section 273.124, subdivision 13, and qualifies for homestead status.

392.13 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
392.14 December 31, 2017.

392.15 Sec. 7. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

392.16 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements  
392.17 under subdivision 1 must file a homestead application with the county assessor to initially  
392.18 obtain homestead classification.

392.19 (b) The format and contents of a uniform homestead application shall be prescribed by  
392.20 the commissioner of revenue. The application must clearly inform the taxpayer that this  
392.21 application must be signed by all owners who occupy the property or by the qualifying  
392.22 relative and returned to the county assessor in order for the property to receive homestead  
392.23 treatment.

392.24 (c) Every property owner applying for homestead classification must furnish to the  
392.25 county assessor the Social Security number of each occupant who is listed as an owner of  
392.26 the property on the deed of record, the name and address of each owner who does not occupy  
392.27 the property, and the name and Social Security number of each owner's spouse ~~who occupies~~  
392.28 ~~the property.~~ The application must be signed by each owner who occupies the property and  
392.29 by each owner's spouse who occupies the property, or, in the case of property that qualifies  
392.30 as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

392.31 If a property owner occupies a homestead, the property owner's spouse may not claim  
392.32 another property as a homestead unless the property owner and the property owner's spouse



393.1 file with the assessor an affidavit or other proof required by the assessor stating that the  
393.2 property qualifies as a homestead under subdivision 1, paragraph (e).

393.3 Owners or spouses occupying residences owned by their spouses and previously occupied  
393.4 with the other spouse, either of whom fail to include the other spouse's name and Social  
393.5 Security number on the homestead application or provide the affidavits or other proof  
393.6 requested, will be deemed to have elected to receive only partial homestead treatment of  
393.7 their residence. The remainder of the residence will be classified as nonhomestead residential.  
393.8 When an owner or spouse's name and Social Security number appear on homestead  
393.9 applications for two separate residences and only one application is signed, the owner or  
393.10 spouse will be deemed to have elected to homestead the residence for which the application  
393.11 was signed.

393.12 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
393.13 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
393.14 the property to receive homestead status, a homestead application must be filed with the  
393.15 assessor. The Social Security number of each relative occupying the property and the name  
393.16 and Social Security number of the spouse of a relative occupying the property shall be  
393.17 required on the homestead application filed under this subdivision. If a different relative of  
393.18 the owner subsequently occupies the property, the owner of the property must notify the  
393.19 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
393.20 occupying the property or relative's the spouse of a relative occupying the property is private  
393.21 data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
393.22 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
393.23 Act to recover personal property taxes owing, to the county treasurer.

393.24 (e) The homestead application shall also notify the property owners that if the property  
393.25 is granted homestead status for any assessment year, that same property shall remain  
393.26 classified as homestead until the property is sold or transferred to another person, or the  
393.27 owners, the spouse of the owner, or the relatives no longer use the property as their  
393.28 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
393.29 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
393.30 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
393.31 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
393.32 shall result in the penalty provided under this subdivision and the property will lose its  
393.33 current homestead status.

393.34 (f) If a homestead application has not been filed with the county by December 15, the  
393.35 assessor shall classify the property as nonhomestead for the current assessment year for

394.1 taxes payable in the following year, provided that the owner may be entitled to receive the  
394.2 homestead classification by proper application under section 375.192.

394.3 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
394.4 2018 and thereafter.

394.5 Sec. 8. Minnesota Statutes 2016, section 273.124, subdivision 13d, is amended to read:

394.6 Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each  
394.7 county must provide the commissioner with the following data for each parcel of homestead  
394.8 property by electronic means as defined in section 289A.02, subdivision 8:

394.9 (1) the property identification number assigned to the parcel for purposes of taxes payable  
394.10 in the current year;

394.11 (2) the name and Social Security number of each occupant of homestead property who  
394.12 is the property owner, ~~property owner's spouse,~~ or qualifying relative of a property owner,  
394.13 and the spouse of the property owner who occupies homestead property or spouse of a  
394.14 qualifying relative of a property owner who occupies homestead property;

394.15 (3) the classification of the property under section 273.13 for taxes payable in the current  
394.16 year and in the prior year;

394.17 (4) an indication of whether the property was classified as a homestead for taxes payable  
394.18 in the current year because of occupancy by a relative of the owner or by a spouse of a  
394.19 relative;

394.20 (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
394.21 current year and the prior year;

394.22 (6) the market value of improvements to the property first assessed for tax purposes for  
394.23 taxes payable in the current year;

394.24 (7) the assessor's estimated market value assigned to the property for taxes payable in  
394.25 the current year and the prior year;

394.26 (8) the taxable market value assigned to the property for taxes payable in the current  
394.27 year and the prior year;

394.28 (9) whether there are delinquent property taxes owing on the homestead;

394.29 (10) the unique taxing district in which the property is located; and

394.30 (11) such other information as the commissioner decides is necessary.

395.1 The commissioner shall use the information provided on the lists as appropriate under  
395.2 the law, including for the detection of improper claims by owners, or relatives of owners,  
395.3 under chapter 290A.

395.4 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
395.5 2018 and thereafter.

395.6 Sec. 9. Minnesota Statutes 2016, section 274.014, subdivision 3, is amended to read:

395.7 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts  
395.8 local boards of appeal and equalization meetings must ~~provide proof to the county assessor~~  
395.9 ~~by February 1 that it is in compliance~~ comply with the training requirements of subdivision  
395.10 2 by February 1, by having at least one member who has attended an appeals and equalization  
395.11 course described in subdivision 2 within the last four years. ~~This notice must also verify~~  
395.12 ~~that there was a quorum of voting members at each meeting of the board of appeal and~~  
395.13 ~~equalization in the previous year.~~ A city or town that does not comply with these requirements  
395.14 is deemed to have transferred its board of appeal and equalization powers to the county for  
395.15 a minimum of two assessment years, beginning with the current year's assessment and  
395.16 continuing thereafter unless the powers are reinstated under paragraph (c).

395.17 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
395.18 a city or town has been transferred to the county under this subdivision and, prior to the  
395.19 meeting time of the county board of equalization, the county shall make available to those  
395.20 taxpayers a procedure for a review of the assessments, including, but not limited to, open  
395.21 book meetings. This alternate review process shall take place in April and May.

395.22 (c) A local board whose powers are transferred to the county under this subdivision may  
395.23 be reinstated by resolution of the governing body of the city or town and upon proof of  
395.24 compliance with the requirements of subdivision 2. The resolution and proofs must be  
395.25 provided to the county assessor by February 1 in order to be effective for the following  
395.26 year's assessment.

395.27 (d) A local board whose powers are transferred to the county under this subdivision may  
395.28 continue to employ a local assessor and is not deemed to have transferred its powers to  
395.29 make assessments.

395.30 **EFFECTIVE DATE.** This section is effective for board of appeal and equalization  
395.31 meetings held in 2018 and thereafter.

396.1 Sec. 10. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

396.2 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county  
396.3 boards of appeal and equalization meetings must ~~provide proof to the commissioner by~~  
396.4 ~~December 1, 2009, and each year thereafter, that it is in compliance~~ comply with the training  
396.5 requirements of subdivision 2 by February 1, by having at least one member who has attended  
396.6 an appeals and equalization course described in subdivision 2 within the last four years.  
396.7 ~~Beginning in 2009, this notice must also verify that there was a quorum of voting members~~  
396.8 ~~at each meeting of the board of appeal and equalization in the current year.~~ A county that  
396.9 does not comply with these requirements is deemed to have transferred its board of appeal  
396.10 and equalization powers to the special board of equalization appointed pursuant to section  
396.11 274.13, subdivision 2, for a minimum of two assessment years, beginning with the following  
396.12 year's assessment and continuing thereafter unless the powers are reinstated under paragraph  
396.13 (c). A county that does not comply with the requirements of subdivision 2 and has not  
396.14 appointed a special board of equalization shall appoint a special board of equalization before  
396.15 the following year's assessment.

396.16 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
396.17 a county has been transferred to the special board of equalization under this subdivision  
396.18 and, prior to the meeting time of the special board of equalization, the county shall make  
396.19 available to those taxpayers a procedure for a review of the assessments, including, but not  
396.20 limited to, open book meetings. This alternate review process must take place in April and  
396.21 May.

396.22 (c) A county board whose powers are transferred to the special board of equalization  
396.23 under this subdivision may be reinstated by resolution of the county board and upon proof  
396.24 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
396.25 provided to the commissioner by December 1 in order to be effective for the following  
396.26 year's assessment.

396.27 (d) If a person who was entitled to appeal to the county board of appeal and equalization  
396.28 or to the county special board of equalization is not able to do so in a particular year because  
396.29 the county board or special board did not meet the quorum and training requirements in this  
396.30 section and section 274.13, or because the special board was not appointed, that person may  
396.31 instead appeal to the commissioner of revenue, provided that the appeal is received by the  
396.32 commissioner prior to August 1. The appeal is not subject to either chapter 14 or section  
396.33 270C.92. The commissioner must issue an appropriate order to the county assessor in  
396.34 response to each timely appeal, either upholding or changing the valuation or classification  
396.35 of the property. Prior to October 1 of each year, the commissioner must charge and bill the

397.1 county where the property is located \$500 for each tax parcel covered by an order issued  
 397.2 under this paragraph in that year. Amounts received by the commissioner under this paragraph  
 397.3 must be deposited in the state's general fund. If payment of a billed amount is not received  
 397.4 by the commissioner before December 1 of the year when billed, the commissioner must  
 397.5 deduct that unpaid amount from any state aid the commissioner would otherwise pay to the  
 397.6 county under chapter 477A in the next year. Late payments may either be returned to the  
 397.7 county uncashed and undeposited or may be accepted. If a late payment is accepted, the  
 397.8 state aid paid to the county under chapter 477A must be adjusted within 12 months to  
 397.9 eliminate any reduction that occurred because the payment was late. Amounts needed to  
 397.10 make these adjustments are included in the appropriation under section 477A.03, subdivision  
 397.11 2.

397.12 **EFFECTIVE DATE.** This section is effective for board of appeal and equalization  
 397.13 meetings held in 2018 and thereafter.

397.14 Sec. 11. **REPEALER.**

397.15 Minnesota Statutes 2016, section 270.074, subdivision 2, is repealed.

397.16 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

## 397.17 **ARTICLE 25**

### 397.18 **DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES POLICY** 397.19 **PROVISIONS**

397.20 Section 1. Minnesota Statutes 2016, section 84.82, subdivision 10, is amended to read:

397.21 Subd. 10. **Proof of sales tax payment; collection and refund.** (a) A person applying  
 397.22 for initial registration of a snowmobile must provide a ~~snowmobile purchaser's certificate,~~  
 397.23 ~~showing a complete description of the snowmobile, the seller's name and address, the full~~  
 397.24 ~~purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must~~  
 397.25 ~~include information showing either~~ receipt, invoice, or other document to prove that:

397.26 (1) ~~that the sales and use tax under chapter 297A was paid or;~~

397.27 (2) ~~the purchase was exempt from tax under chapter 297A. The commissioner of public~~  
 397.28 ~~safety, in consultation with the commissioner and the commissioner of revenue, shall~~  
 397.29 ~~prescribe the form of the certificate. The certificate is not required if the applicant provides~~  
 397.30 ~~a receipt, invoice, or other document that shows; or~~

397.31 (3) the snowmobile was purchased from a retailer that is maintaining a place of business  
 397.32 in this state as defined in section 297A.66, subdivision 1, and is a dealer.

398.1 (b) The commissioner or authorized deputy registrars, acting as agents of the  
398.2 commissioner of revenue under an agreement between the commissioner and the  
398.3 commissioner of revenue, as provided in section 297A.825:

398.4 (1) must collect use tax from the applicant if the applicant does not provide the proof  
398.5 required under paragraph (a); and

398.6 (2) are authorized to issue refunds of use tax paid to them in error.

398.7 (c) Subdivision 11 does not apply to refunds under this subdivision.

398.8 **EFFECTIVE DATE.** This section is effective for snowmobiles registered after June  
398.9 30, 2017.

398.10 Sec. 2. Minnesota Statutes 2016, section 84.922, subdivision 11, is amended to read:

398.11 Subd. 11. **Proof of sales tax payment; collection and refund.** (a) A person applying  
398.12 for initial registration in Minnesota of an all-terrain vehicle ~~shall~~ must provide a purchaser's  
398.13 ~~certificate showing a complete description of the all-terrain vehicle, the seller's name and~~  
398.14 ~~address, the full purchase price of the all-terrain vehicle, and the trade-in allowance, if any.~~  
398.15 ~~The certificate also must include information showing either~~ receipt, invoice, or other  
398.16 document to prove that:

398.17 (1) the sales and use tax under chapter 297A was paid; ~~or;~~

398.18 (2) the purchase was exempt from tax under chapter 297A. ~~The certificate is not required~~  
398.19 ~~if the applicant provides a receipt, invoice, or other document that shows;~~ or

398.20 (3) the all-terrain vehicle was purchased from a retailer that is maintaining a place of  
398.21 business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

398.22 (b) The commissioner or authorized deputy registrars, acting as agents of the  
398.23 commissioner of revenue under an agreement between the commissioner and the  
398.24 commissioner of revenue, as provided in section 297A.825:

398.25 (1) must collect use tax from the applicant if the applicant does not provide the proof  
398.26 required under paragraph (a); and

398.27 (2) are authorized to issue refunds of use tax paid to them in error.

398.28 (c) Subdivision 12 does not apply to refunds under this subdivision.

398.29 **EFFECTIVE DATE.** This section is effective for all-terrain vehicles registered after  
398.30 June 30, 2017.

399.1 Sec. 3. Minnesota Statutes 2016, section 86B.401, subdivision 12, is amended to read:

399.2 Subd. 12. **Proof of sales tax payment; collection and refund.** (a) A person applying  
399.3 for initial licensing of a watercraft must provide a ~~watercraft purchaser's certificate, showing~~  
399.4 ~~a complete description of the watercraft, the seller's name and address, the full purchase~~  
399.5 ~~price of the watercraft, and the trade-in allowance, if any. The certificate must include~~  
399.6 ~~information showing either~~ receipt, invoice, or other document to prove that:

399.7 (1) ~~that~~ the sales and use tax under chapter 297A was paid ~~or~~;

399.8 (2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public~~  
399.9 ~~safety, in consultation with the commissioner and the commissioner of revenue, shall~~  
399.10 ~~prescribe the form of the certificate. The certificate is not required if the applicant provides~~  
399.11 ~~a receipt, invoice, or other document that shows; or~~

399.12 (3) the watercraft was purchased from a retailer that is maintaining a place of business  
399.13 in this state as defined in section 297A.66, subdivision 1, and is a dealer.

399.14 (b) The commissioner or authorized deputy registrars, acting as agents of the  
399.15 commissioner of revenue under an agreement between the commissioner and the  
399.16 commissioner of revenue, as provided in section 297A.825:

399.17 (1) must collect use tax from the applicant if the applicant does not provide the proof  
399.18 required under paragraph (a); and

399.19 (2) are authorized to issue refunds of use tax paid to them in error.

399.20 (c) Section 86B.415, subdivision 11, does not apply to refunds under this subdivision.

399.21 **EFFECTIVE DATE.** This section is effective for watercraft licensed after June 30,  
399.22 2017.

399.23 Sec. 4. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to  
399.24 read:

399.25 Subd. 20. **Department of Natural Resources; authorized deputy registrars of motor**  
399.26 **vehicles.** The commissioner may disclose return information related to the taxes imposed  
399.27 by chapter 297A to the Department of Natural Resources or an authorized deputy registrar  
399.28 of motor vehicles only:

399.29 (1) if the commissioner has an agreement with the commissioner of natural resources  
399.30 under section 297A.825, subdivision 1; and

400.1 (2) to the extent necessary for the Department of Natural Resources or an authorized  
400.2 deputy registrar of motor vehicles, as agents for the commissioner, to verify that the  
400.3 applicable sales or use tax has been paid or that a sales tax exemption applies on the purchase  
400.4 of a snowmobile, all-terrain vehicle, or watercraft, and to administer sections 84.82,  
400.5 subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; and 297A.825, regarding  
400.6 either their collection of use tax or their issuance of refunds to applicants of use tax paid to  
400.7 them in error.

400.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

400.9 Sec. 5. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to  
400.10 read:

400.11 **Subd. 21. Department of Transportation.** The commissioner may disclose return  
400.12 information related to the taxes imposed by chapter 297A to the Department of Transportation  
400.13 only:

400.14 (1) if the commissioner has an agreement with the commissioner of transportation under  
400.15 section 297A.82, subdivision 7; and

400.16 (2) to the extent necessary for the Department of Transportation, as agent for the  
400.17 commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax  
400.18 exemption applies on the lease, purchase, or sale of an aircraft by an individual or business  
400.19 who owns and operates the aircraft that must be registered or licensed in Minnesota under  
400.20 section 360.018, and to otherwise administer section 297A.82, regarding the collection of  
400.21 tax by the Department of Transportation.

400.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

400.23 Sec. 6. Minnesota Statutes 2016, section 289A.50, subdivision 2a, is amended to read:

400.24 **Subd. 2a. Refund of sales tax to purchasers.** (a) If a vendor has collected from a  
400.25 purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the  
400.26 purchaser may apply directly to the commissioner for a refund under this section if:

400.27 (1) the purchaser is currently registered or was registered during the period of the claim,  
400.28 to collect and remit the sales tax or to remit the use tax; and

400.29 (2) either

400.30 (i) the amount of the refund to be applied for exceeds \$500, or



401.1 (ii) the amount of the refund to be applied for does not exceed \$500, but the purchaser  
401.2 also applies for a capital equipment claim at the same time, and the total of the two refunds  
401.3 exceeds \$500.

401.4 (b) The purchaser may not file more than two applications for refund under this  
401.5 subdivision in a calendar year.

401.6 (c) Refunds shall not be issued for sales for resale where the vendor has a published no  
401.7 resale policy.

401.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

401.9 Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 7, is amended to read:

401.10 Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is ~~capable of~~  
401.11 ~~use for the purpose of producing or generating~~ used to produce or generate power for  
401.12 propelling internal combustion engine aircraft, that meets the specifications in ASTM  
401.13 specification D910-11, and that either:

401.14 ~~(1) is~~ Aviation gasoline includes any such gasoline invoiced and billed by a producer,  
401.15 manufacturer, refiner, or blender to a distributor or dealer, by a distributor to a dealer or  
401.16 consumer, or by a dealer to consumer, as "aviation gasoline"; ~~or that meets specifications~~  
401.17 in ASTM specification D910-16 or any other ASTM specification as gasoline appropriate  
401.18 for use in producing or generating power for propelling internal combustion engine aircraft.

401.19 ~~(2) whether or not invoiced and billed as provided in clause (1), is received, sold, stored,~~  
401.20 ~~or withdrawn from storage by any person, to be used for the purpose of producing or~~  
401.21 ~~generating power for propelling internal combustion engine aircraft.~~

401.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

401.23 Sec. 8. **[297A.825] SNOWMOBILES; ALL-TERRAIN VEHICLES; WATERCRAFT;**  
401.24 **PAYMENT OF TAXES; REFUNDS.**

401.25 Subdivision 1. **Agreement with commissioners of natural resources and public**  
401.26 **safety; collection and refunds.** The commissioner may enter into an agreement with the  
401.27 commissioner of natural resources, in consultation with the commissioner of public safety,  
401.28 that provides that:

401.29 (1) the commissioner of natural resources and authorized deputy registrars of motor  
401.30 vehicles must collect use tax on snowmobiles, all-terrain vehicles, and watercraft from

402.1 persons applying for initial registration or license of the item unless the applicant provides  
402.2 a receipt, invoice, or other document to prove that:

402.3 (i) sales tax was paid on the purchase;

402.4 (ii) the purchase was exempt under this chapter;

402.5 (iii) use tax was paid to the commissioner in a form prescribed by the commissioner; or

402.6 (iv) the item was purchased from a retailer that is maintaining a place of business in this  
402.7 state as defined in section 297A.66, subdivision 1, and is a dealer as defined in section  
402.8 84.81, subdivision 10; 84.92, subdivision 3; or 86B.005, subdivision 4; and

402.9 (2) the commissioner of natural resources and authorized deputy registrars of motor  
402.10 vehicles are authorized to issue refunds of use tax paid to them in error, meaning that either  
402.11 the sales or use tax had already been paid or that the purchase was exempt from tax under  
402.12 this chapter.

402.13 Subd. 2. **Agents.** For the purposes of collecting or refunding the tax under this section,  
402.14 the commissioner of natural resources and authorized deputy registrars of motor vehicles  
402.15 are the agents of the commissioner and are subject to, and must strictly comply with, all  
402.16 rules consistent with this chapter prescribed by the commissioner.

402.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

402.18 Sec. 9. Minnesota Statutes 2016, section 297B.07, is amended to read:

402.19 **297B.07 PRESUMPTIONS.**

402.20 Subdivision 1. **Presumption; sale and registration.** For the purpose of the proper  
402.21 administration of ~~Laws 1971, chapter 853~~ this chapter, and to prevent evasion of the tax,  
402.22 the following presumptions shall apply:

402.23 (a) Evidence that a motor vehicle was sold for delivery in this state shall be prima facie  
402.24 evidence that it was sold for use in this state.

402.25 (b) When an application for registration plates for a motor vehicle is received by the  
402.26 motor vehicle registrar within 30 days of the date it was purchased or acquired by the  
402.27 purchaser, it shall be presumed, until the contrary is shown by the purchaser, that it was  
402.28 purchased or acquired for use in this state. This presumption shall apply whether or not such  
402.29 vehicle was previously titled or registered in another state.

402.30 Subd. 2. **Presumption; ownership.** (a) When a business entity not organized under the  
402.31 laws of this state owns a motor vehicle that is under the control of a Minnesota resident, it

403.1 is presumed that the Minnesota resident is the owner of the motor vehicle if two or more  
403.2 of the following are true:

403.3 (1) the business entity lacks a specific business activity or purpose other than the  
403.4 avoidance of tax;

403.5 (2) the business entity maintains no physical location in the jurisdiction where it is  
403.6 organized;

403.7 (3) the business entity earns de minimis or no revenue;

403.8 (4) the business entity maintains minimal or no business records;

403.9 (5) the business entity fails to employ individual persons and provide those persons with  
403.10 federal income tax W-2 wage and tax statements; or

403.11 (6) the business entity fails to file federal income tax returns or fails to file a required  
403.12 state tax return where it is organized.

403.13 (b) For purposes of this subdivision, a motor vehicle is under the control of a Minnesota  
403.14 resident if the Minnesota resident:

403.15 (1) is a partner, member, or shareholder of the business entity;

403.16 (2) is insured to drive the vehicle; and

403.17 (3) operates or stores the vehicle in Minnesota for any period of time.

403.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

403.19 Sec. 10. Minnesota Statutes 2016, section 297I.30, subdivision 7, is amended to read:

403.20 Subd. 7. **Surcharge.** ~~(a) By April 30 of each year, every company required to pay the~~  
403.21 ~~surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period~~  
403.22 ~~ending March 31 in the form prescribed by the commissioner.~~

403.23 ~~(b)~~ (a) By June 30 of each year, every company required to pay the surcharge under  
403.24 section 297I.10, subdivision 1, shall file a return for the ~~two-month~~ seven-month period  
403.25 ending May 31 in the form prescribed by the commissioner.

403.26 ~~(c)~~ (b) By November 30 of each year, every company required to pay the surcharge  
403.27 under section 297I.10, subdivision 1, shall file a return for the five-month period ending  
403.28 October 31 in the form prescribed by the commissioner.

403.29 **EFFECTIVE DATE.** This section is effective for returns due after October 31, 2017.

404.1 Sec. 11. **REPEALER.**

404.2 Minnesota Rules, part 8125.1300, subpart 3, is repealed.

404.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

404.4 **ARTICLE 26**

404.5 **DEPARTMENT OF REVENUE PAID PREPARER POLICY PROVISIONS**

404.6 Section 1. Minnesota Statutes 2016, section 270C.445, subdivision 2, is amended to read:

404.7 Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to  
404.8 270C.447, the following terms have the meanings given.

404.9 (b) "Advertise" means to solicit business through any means or medium.

404.10 (c) "Client" means ~~an individual~~ a person for whom a tax preparer performs or agrees  
404.11 to perform tax preparation services.

404.12 (d) "Facilitate" means to individually or in conjunction or cooperation with another  
404.13 person:

404.14 (1) accept an application for a refund anticipation loan;

404.15 (2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any  
404.16 other means, of a refund anticipation loan; or

404.17 (3) offer, arrange, process, provide, or in any other manner act to allow the making of,  
404.18 a refund anticipation loan.

404.19 ~~(e) "Person" means an individual, corporation, partnership, limited liability company,~~  
404.20 ~~association, trustee, or other legal entity.~~

404.21 ~~(f)~~ (e) "Refund anticipation check" means a negotiable instrument provided to a client  
404.22 by the tax preparer or another person, which is issued from the proceeds of a taxpayer's  
404.23 federal or state income tax refund or both and represents the net of the refund minus the tax  
404.24 preparation fee and any other fees. A refund anticipation check includes a refund transfer.

404.25 ~~(g)~~ (f) "Refund anticipation loan" means a loan or any other extension of credit, whether  
404.26 provided by the tax preparer or another entity such as a financial institution, in anticipation  
404.27 of, and whose payment is secured by, a client's federal or state income tax refund or both.

404.28 ~~(h)~~ (g) "Tax preparation services" means services provided for ~~a fee or other consideration~~  
404.29 compensation to a client to:

404.30 (1) assist with preparing or filing ~~state or federal individual income tax returns~~ a return;

405.1 (2) assume final responsibility for completed work on ~~an individual income tax~~ a return  
405.2 on which preliminary work has been done by another; or

405.3 (3) sign or include on a return the preparer tax identification number required under  
405.4 section 6109(a)(4) of the Internal Revenue Code; or

405.5 ~~(3)~~ (4) facilitate the provision of a refund anticipation loans and loan or a refund  
405.6 anticipation checks check.

405.7 ~~(h)~~ (h) "Tax preparer" or "preparer" means a person providing tax preparation services  
405.8 subject to this section, except:

405.9 (1) an employee who prepares their employer's return;

405.10 (2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the  
405.11 fiduciary estate, testator, trustor, grantor, or beneficiaries of them;

405.12 (3) nonprofit organizations providing tax preparation services under the Internal Revenue  
405.13 Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly  
405.14 Program;

405.15 (4) a person who merely furnishes typing, reproducing, or other mechanical assistance;

405.16 (5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently  
405.17 registered with the commissioner; and

405.18 (6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph  
405.19 (c), that provides all of the sales tax functions for a retailer not maintaining a place of  
405.20 business in this state as described in section 297A.66.

405.21 (i) Except as otherwise provided, "return" means:

405.22 (1) a return as defined in section 270C.01, subdivision 8;

405.23 (2) a claim for refund of an overpayment;

405.24 (3) a claim filed pursuant to chapter 290A; and

405.25 (4) a claim for a credit filed under section 290.0677, subdivision 1.

405.26 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
405.27 31, 2017.

405.28 Sec. 2. Minnesota Statutes 2016, section 270C.445, subdivision 3, is amended to read:

405.29 Subd. 3. **Standards of conduct.** No tax preparer shall:

- 406.1 (1) without good cause fail to promptly, diligently, and without unreasonable delay  
406.2 complete a client's ~~tax~~ return;
- 406.3 (2) obtain the signature of a client to a ~~tax~~ return or authorizing document that contains  
406.4 blank spaces to be filled in after it has been signed;
- 406.5 (3) fail to sign a client's ~~tax~~ return when payment compensation for services rendered  
406.6 has been made;
- 406.7 (4) fail to provide on a client's return the preparer tax identification number when required  
406.8 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;
- 406.9 ~~(4)~~ (5) fail or refuse to give a client a copy of any document requiring the client's signature  
406.10 within a reasonable time after the client signs the document;
- 406.11 ~~(5)~~ (6) fail to retain for at least four years a copy of ~~individual income tax~~ a client's  
406.12 returns;
- 406.13 ~~(6)~~ (7) fail to maintain a confidential relationship with clients or former clients;
- 406.14 ~~(7)~~ (8) fail to take commercially reasonable measures to safeguard a client's nonpublic  
406.15 personal information;
- 406.16 ~~(8)~~ (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly  
406.17 or indirectly, any false, deceptive, or misleading statement or representation relating to or  
406.18 in connection with the offering or provision of tax preparation services;
- 406.19 ~~(9)~~ (10) require a client to enter into a loan arrangement in order to complete a ~~tax~~ client's  
406.20 return;
- 406.21 ~~(10)~~ (11) claim credits or deductions on a client's ~~tax~~ return for which the tax preparer  
406.22 knows or reasonably should know the client does not qualify;
- 406.23 (12) report a household income on a client's claim filed under chapter 290A that the tax  
406.24 preparer knows or reasonably should know is not accurate;
- 406.25 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
406.26 13, 20, 20a, 26, or 28;
- 406.27 (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
406.28 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 406.29 (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
406.30 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

- 407.1 (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
407.2 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 407.3 ~~(11)~~ (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
407.4 refund for tax preparation services;
- 407.5 ~~(12)~~ (18) under any circumstances, withhold or fail to return to a client a document  
407.6 provided by the client for use in preparing the client's ~~tax~~ return;
- 407.7 ~~(13)~~ (19) establish an account in the preparer's name to receive a client's refund through  
407.8 a direct deposit or any other instrument unless the client's name is also on the account,  
407.9 except that a taxpayer may assign the portion of a refund representing the Minnesota  
407.10 education credit available under section 290.0674 to a bank account without the client's  
407.11 name, as provided under section 290.0679;
- 407.12 ~~(14)~~ (20) fail to act in the best interests of the client;
- 407.13 ~~(15)~~ (21) fail to safeguard and account for any money handled for the client;
- 407.14 ~~(16)~~ (22) fail to disclose all material facts of which the preparer has knowledge which  
407.15 might reasonably affect the client's rights and interests;
- 407.16 ~~(17)~~ (23) violate any provision of section 332.37;
- 407.17 ~~(18)~~ (24) include any of the following in any document provided or signed in connection  
407.18 with the provision of tax preparation services:
- 407.19 (i) a hold harmless clause;
- 407.20 (ii) a confession of judgment or a power of attorney to confess judgment against the  
407.21 client or appear as the client in any judicial proceeding;
- 407.22 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against  
407.23 a debtor;
- 407.24 (iv) an assignment of or an order for payment of wages or other compensation for  
407.25 services;
- 407.26 (v) a provision in which the client agrees not to assert any claim or defense otherwise  
407.27 available;
- 407.28 (vi) a waiver of any provision of this section or a release of any obligation required to  
407.29 be performed on the part of the tax preparer; or
- 407.30 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on  
407.31 a class basis; or

408.1 ~~(19)~~ (25) if making, providing, or facilitating a refund anticipation loan, fail to provide  
408.2 all disclosures required by the federal Truth in Lending Act, United States Code, title 15,  
408.3 in a form that may be retained by the client.

408.4 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
408.5 31, 2017.

408.6 Sec. 3. Minnesota Statutes 2016, section 270C.445, subdivision 5a, is amended to read:

408.7 Subd. 5a. **Nongame wildlife checkoff.** A tax preparer must give written notice of the  
408.8 option to contribute to the nongame wildlife management account in section 290.431 to  
408.9 corporate clients that file an income tax return and to individual clients who file an income  
408.10 tax return or ~~property tax refund claim form~~ under chapter 290A. This notification must be  
408.11 included with information sent to the client at the same time as the preliminary worksheets  
408.12 or other documents used in preparing the client's return and must include a line for displaying  
408.13 contributions.

408.14 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
408.15 31, 2017.

408.16 Sec. 4. Minnesota Statutes 2016, section 270C.445, subdivision 6, is amended to read:

408.17 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
408.18 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
408.19 of subdivision ~~3, 3a, 4, 5, or 5b~~ or 5, or section 270C.4451, provided that a penalty may not  
408.20 be imposed for any conduct ~~that is also subject to the~~ for which a tax return preparer penalties  
408.21 ~~in~~ penalty is imposed under section 289A.60, subdivision 13. The commissioner may  
408.22 terminate a tax preparer's authority to transmit returns electronically to the state, if the  
408.23 commissioner determines the tax preparer engaged in a pattern and practice of violating  
408.24 this section. Imposition of a penalty under this ~~subdivision~~ paragraph is subject to the  
408.25 contested case procedure under chapter 14. The commissioner shall collect the penalty in  
408.26 the same manner as the income tax. There is no right to make a claim for refund under  
408.27 section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this  
408.28 ~~subdivision~~ paragraph are public data.

408.29 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
408.30 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
408.31 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
408.32 desist from committing the violation. The administrative order may include an administrative  
408.33 penalty provided in paragraph (a).



409.1 (c) If the commissioner issues an administrative order under paragraph (b), the  
409.2 commissioner must send the order to the tax preparer addressed to the last known address  
409.3 of the tax preparer.

409.4 (d) A cease and desist order under paragraph (b) must:

409.5 (1) describe the act, conduct, or practice committed and include a reference to the law  
409.6 that the act, conduct, or practice violates; and

409.7 (2) provide notice that the tax preparer may request a hearing as provided in this  
409.8 subdivision.

409.9 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
409.10 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
409.11 for hearing must be made in writing and must be served on the commissioner at the address  
409.12 specified in the order. The hearing request must specifically state the reasons for seeking  
409.13 review of the order. The date on which a request for hearing is served by mail is the postmark  
409.14 date on the envelope in which the request for hearing is mailed.

409.15 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
409.16 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
409.17 subject to review by any court or agency.

409.18 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
409.19 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
409.20 receives the request for a hearing.

409.21 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
409.22 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
409.23 must issue a report containing findings of fact, conclusions of law, and a recommended  
409.24 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
409.25 or the submission of written arguments, whichever is later.

409.26 (i) Within five days of the date of the administrative law judge's report issued under  
409.27 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
409.28 written exceptions and arguments to the commissioner. Within 15 days after receiving the  
409.29 administrative law judge's report, the commissioner must issue an order vacating, modifying,  
409.30 or making final the administrative order.

409.31 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
409.32 lengthen any time periods prescribed in paragraphs (g) to (i).

410.1 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
410.2 or vacated by the commissioner or an appellate court. The administrative hearing provided  
410.3 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
410.4 the exclusive remedy for a tax preparer aggrieved by the order.

410.5 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
410.6 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
410.7 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
410.8 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
410.9 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
410.10 penalty order. The request for hearing must be made in writing and must be served on the  
410.11 commissioner at the address specified in the order. The hearing request must specifically  
410.12 state the reasons for seeking review of the order. The cease and desist order issued under  
410.13 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
410.14 this paragraph. The date on which a request for hearing is served by mail is the postmark  
410.15 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
410.16 timely request a hearing, the penalty order becomes a final order of the commissioner and  
410.17 is not subject to review by any court or agency. A penalty imposed by the commissioner  
410.18 under this paragraph may be collected and enforced by the commissioner as an income tax  
410.19 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
410.20 imposed under this paragraph. A penalty imposed under this paragraph is public data.

410.21 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
410.22 commissioner may terminate the tax preparer's authority to transmit returns electronically  
410.23 to the state. Termination under this paragraph is public data.

410.24 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
410.25 order.

410.26 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
410.27 action under this subdivision against a tax preparer, with respect to a return, within the  
410.28 period to assess tax on that return as provided by section 289A.38.

410.29 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
410.30 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
410.31 the commissioner within five years of the violation of statute.

410.32 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
410.33 31, 2017.

411.1 Sec. 5. Minnesota Statutes 2016, section 270C.445, subdivision 6a, is amended to read:

411.2 Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of  
411.3 Accountancy shall refer to the commissioner complaints it receives about tax preparers who  
411.4 are not subject to the jurisdiction of the State Board of Accountancy and who are alleged  
411.5 to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except  
411.6 subdivision 5a, or section 270C.4451.

411.7 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
411.8 31, 2017.

411.9 Sec. 6. Minnesota Statutes 2016, section 270C.445, subdivision 6b, is amended to read:

411.10 Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The  
411.11 Lawyers Board of Professional Responsibility may refer to the commissioner complaints  
411.12 it receives about tax preparers who are not subject to its jurisdiction and who are alleged to  
411.13 have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except  
411.14 subdivision 5a, or section 270C.4451.

411.15 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
411.16 31, 2017.

411.17 Sec. 7. Minnesota Statutes 2016, section 270C.445, subdivision 6c, is amended to read:

411.18 Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer information  
411.19 and complaints about tax preparers who are alleged to have violated the provisions of  
411.20 ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section  
411.21 270C.4451, to:

411.22 (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and

411.23 (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under its  
411.24 jurisdiction.

411.25 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
411.26 31, 2017.

411.27 Sec. 8. Minnesota Statutes 2016, section 270C.445, subdivision 7, is amended to read:

411.28 Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section or section  
411.29 270C.4451 is an unfair, deceptive, and unlawful trade practice within the meaning of section  
411.30 8.31. An action taken under this section is in the public interest.

412.1 (b) A client may bring a civil action seeking redress for a violation of this section in the  
 412.2 conciliation or the district court of the county in which unlawful action is alleged to have  
 412.3 been committed or where the respondent resides or has a principal place of business.

412.4 (c) A court finding for the plaintiff must award:

412.5 (1) actual damages;

412.6 (2) incidental and consequential damages;

412.7 (3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the  
 412.8 plaintiff violated ~~subdivision 3a, 4, or 5b~~ section 270C.4451, subdivision 1, 2, or 5, all  
 412.9 interest and fees for a refund anticipation loan;

412.10 (4) reasonable attorney fees;

412.11 (5) court costs; and

412.12 (6) any other equitable relief as the court considers appropriate.

412.13 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 412.14 31, 2017.

412.15 Sec. 9. Minnesota Statutes 2016, section 270C.445, subdivision 8, is amended to read:

412.16 Subd. 8. **Limited exemptions.** (a) Except as provided in paragraph (b), the provisions  
 412.17 of this section, except for subdivisions 3a, 4, and 5b, subdivisions 3; 5; 5a; 6, paragraphs  
 412.18 (a) to (n); and 7, do not apply to:

412.19 (1) an attorney admitted to practice under section 481.01;

412.20 (2) a registered accounting practitioner, a registered accounting practitioner firm, a  
 412.21 certified public accountant, or other person who is subject to the jurisdiction of the State  
 412.22 Board of Accountancy a certified public accountant firm, licensed in accordance with chapter  
 412.23 326A;

412.24 (3) an enrolled agent who has passed the special enrollment examination administered  
 412.25 by the Internal Revenue Service; ~~or~~

412.26 (4) ~~anyone~~ a person who provides, or assists in providing, tax preparation services within  
 412.27 the scope of duties as an employee ~~or supervisor~~ under the direction or supervision of a  
 412.28 person who is exempt under this subdivision; or

412.29 (5) a person acting as a supervisor to a tax preparer who is exempt under this subdivision.

413.1 (b) The provisions of subdivisions 3; 6, paragraphs (a) to (n); and 7, apply to a tax  
413.2 preparer who would otherwise be exempt under paragraph (a) if the tax preparer has:

413.3 (1) had a professional license suspended or revoked for cause, not including a failure to  
413.4 pay a professional licensing fee, by any authority of any state, territory, or possession of  
413.5 the United States, including a commonwealth, or the District of Columbia, any federal court  
413.6 of record, or any federal agency, body, or board;

413.7 (2) irrespective of whether an appeal has been taken, been convicted of any crime  
413.8 involving dishonesty or breach of trust;

413.9 (3) been censured, suspended, or disbarred under United States Treasury Department  
413.10 Circular 230;

413.11 (4) been sanctioned by a court of competent jurisdiction, whether in a civil or criminal  
413.12 proceeding, including suits for injunctive relief, relating to any taxpayer's tax liability or  
413.13 the tax preparer's own tax liability, for:

413.14 (i) instituting or maintaining proceedings primarily for delay;

413.15 (ii) advancing frivolous or groundless arguments; or

413.16 (iii) failing to pursue available administrative remedies; or

413.17 (5) demonstrated a pattern of willful disreputable conduct by:

413.18 (i) failing to file a return that the tax preparer was required to file annually for two of  
413.19 the three immediately preceding tax periods; or

413.20 (ii) failing to file a return that the tax preparer was required to file more frequently than  
413.21 annually for three of the six immediately preceding tax periods.

413.22 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
413.23 31, 2017.

413.24 Sec. 10. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision  
413.25 to read:

413.26 Subd. 9. **Powers additional.** The powers and authority granted in this section are in  
413.27 addition to all other powers of the commissioner. The use of the powers granted in this  
413.28 section does not preclude the use of any other power or authority of the commissioner.

413.29 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
413.30 31, 2017.

414.1 Sec. 11. Minnesota Statutes 2016, section 270C.446, subdivision 2, is amended to read:

414.2 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of  
414.3 paragraph (b), the commissioner must publish lists of tax preparers as defined in section  
414.4 ~~289A.60, subdivision 13, paragraph (f)~~ 270C.445, subdivision 2, paragraph (h), who have  
414.5 been:

414.6 (1) convicted under section 289A.63 for returns or claims prepared as a tax preparer or;

414.7 (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13,  
414.8 paragraph (a);

414.9 (3) convicted for identity theft under section 609.527, or a similar statute, for a return  
414.10 filed with the commissioner, the Internal Revenue Service, or another state;

414.11 (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess  
414.12 of \$1,000;

414.13 (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph  
414.14 (b), that has become a final order; or

414.15 (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating  
414.16 a cease and desist order.

414.17 (b) For the purposes of this section, tax preparers are not subject to publication if:

414.18 (1) an administrative or court action contesting ~~the~~ or appealing a penalty described in  
414.19 paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time  
414.20 when notice would be given under subdivision 3;

414.21 (2) an appeal period to contest ~~the~~ a penalty described in paragraph (a), clause (2), (4),  
414.22 or (6), has not expired; or

414.23 (3) the commissioner has been notified that the tax preparer is deceased;

414.24 (4) an appeal period to contest a cease and desist order issued under section 270C.445,  
414.25 subdivision 6, paragraph (b), has not expired;

414.26 (5) an administrative or court action contesting or appealing a cease and desist order  
414.27 issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and  
414.28 is unresolved at the time when notice would be given under subdivision 3;

414.29 (6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been  
414.30 filed or served and is unresolved at the time when the notice would be given under  
414.31 subdivision 3; or

415.1 (7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3),  
415.2 has not expired.

415.3 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
415.4 31, 2017.

415.5 Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 3, is amended to read:

415.6 Subd. 3. **Notice to tax preparer.** (a) At least 30 days before publishing the name of a  
415.7 tax preparer subject to ~~penalty~~ publication under this section, the commissioner shall mail  
415.8 a written notice to the tax preparer, detailing the ~~amount and nature of each penalty~~ basis  
415.9 for the publication and the intended publication of the information listed in subdivision 4  
415.10 related to the penalty. The notice must be ~~mailed by first class and certified mail~~ sent to the  
415.11 tax preparer addressed to the last known address of the tax preparer. The notice must include  
415.12 information regarding the exceptions listed in subdivision 2, paragraph (b), and must state  
415.13 that the tax preparer's information will not be published if the tax preparer provides  
415.14 information establishing that subdivision 2, paragraph (b), prohibits publication of the tax  
415.15 preparer's name.

415.16 (b) Thirty days after the notice is mailed and if the tax preparer has not proved to the  
415.17 commissioner that subdivision 2, paragraph (b), prohibits publication, the commissioner  
415.18 may publish in a list of tax preparers subject to penalty the information about the tax preparer  
415.19 that is listed in subdivision 4.

415.20 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
415.21 31, 2017.

415.22 Sec. 13. Minnesota Statutes 2016, section 270C.446, subdivision 4, is amended to read:

415.23 Subd. 4. **Form of list.** The list may be published by any medium or method. The list  
415.24 must contain the name, associated business name or names, address or addresses, and  
415.25 violation or violations ~~for which a penalty was imposed of~~ that make each tax preparer  
415.26 subject to ~~penalty~~ publication.

415.27 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
415.28 31, 2017.

415.29 Sec. 14. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

415.30 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer  
415.31 from the list of tax preparers published under this section:

- 416.1 (1) when the commissioner determines that the name was included on the list in error;
- 416.2 (2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner
- 416.3 that the preparer fully paid all fines and penalties imposed, served any suspension, satisfied
- 416.4 any sentence imposed, successfully completed any probationary period imposed, and
- 416.5 successfully completed any remedial actions required by the commissioner, the State Board
- 416.6 of Accountancy, or the Lawyers Board of Professional Responsibility; or
- 416.7 (3) when the commissioner has been notified that the tax preparer is deceased.

416.8 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December

416.9 31, 2017.

416.10 Sec. 15. Minnesota Statutes 2016, section 270C.447, subdivision 1, is amended to read:

416.11 Subdivision 1. **Commencement of action.** (a) Whenever it appears to the commissioner

416.12 that a tax preparer doing business in Minnesota has engaged in any conduct described in

416.13 subdivision 2, a civil action in the name of the state of Minnesota may be commenced to

416.14 enjoin any person who is a tax return preparer doing business in this state from further

416.15 engaging in any conduct described in subdivision 2 the conduct and enforce compliance.

416.16 (b) An action under this subdivision must be brought by the attorney general in:

416.17 (1) the district court for the judicial district of the tax ~~return~~ preparer's residence or

416.18 principal place of business, ~~or in which the~~;

416.19 (2) the district court for the judicial district of the residence of any taxpayer with respect

416.20 to whose ~~tax~~ return the action is brought ~~resides~~; or

416.21 (3) Ramsey County District Court.

416.22 (c) The court may exercise its jurisdiction over the action separate and apart from any

416.23 other action brought by the state of Minnesota against the tax ~~return~~ preparer or any taxpayer.

416.24 The court must grant a permanent injunction or other appropriate relief if the commissioner

416.25 shows that the person has engaged in conduct constituting a violation of a law administered

416.26 by the commissioner or a cease and desist order issued by the commissioner. The

416.27 commissioner shall not be required to show irreparable harm.

416.28 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December

416.29 31, 2017.



417.1 Sec. 16. Minnesota Statutes 2016, section 270C.447, subdivision 2, is amended to read:

417.2 Subd. 2. **Injunction prohibiting specific conduct.** In an action under subdivision 1,  
417.3 the court may enjoin the person from further engaging in that conduct if the court finds that  
417.4 a tax ~~return~~ preparer has:

417.5 (1) engaged in any conduct subject to a civil penalty under section 289A.60 ~~or~~ a criminal  
417.6 penalty under section 289A.63, or a criminal penalty under section 609.527 or a similar  
417.7 statute for a return filed with the commissioner, the Internal Revenue Service, or another  
417.8 state;

417.9 (2) misrepresented the preparer's eligibility to practice before the Department of Revenue,  
417.10 or ~~otherwise~~ misrepresented the preparer's experience or education as a tax ~~return~~ preparer;

417.11 (3) guaranteed the payment of any tax refund or the allowance of any tax credit; ~~or~~

417.12 (4) violated a cease and desist order issued by the commissioner; or

417.13 ~~(4)~~ (5) engaged in any other fraudulent or deceptive conduct that substantially interferes  
417.14 with the proper administration of a law administered by the commissioner, and injunctive  
417.15 relief is appropriate to prevent the recurrence of that conduct;

417.16 ~~the court may enjoin the person from further engaging in that conduct.~~

417.17 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
417.18 31, 2017.

417.19 Sec. 17. Minnesota Statutes 2016, section 270C.447, subdivision 3, is amended to read:

417.20 Subd. 3. **Injunction prohibiting all business activities.** If the court finds that a tax  
417.21 ~~return~~ preparer has continually or repeatedly engaged in conduct described in subdivision  
417.22 2, and that an injunction prohibiting that conduct would not be sufficient to prevent the  
417.23 person's interference with the proper administration of a law administered by the  
417.24 commissioner, the court may enjoin the person from acting as a tax ~~return~~ preparer. The  
417.25 court may not enjoin the employer of a tax ~~return~~ preparer for conduct described in  
417.26 subdivision 2 engaged in by one or more of the employer's employees unless the employer  
417.27 was also actively involved in that conduct.

417.28 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
417.29 31, 2017.

418.1 Sec. 18. Minnesota Statutes 2016, section 270C.447, is amended by adding a subdivision  
418.2 to read:

418.3 Subd. 3a. **Enforcement of cease and desist orders.** (a) Whenever the commissioner  
418.4 under subdivision 1 or 3 seeks to enforce compliance with a cease and desist order, the court  
418.5 must consider the allegations in the cease and desist order conclusively established if the  
418.6 order is a final order.

418.7 (b) If the court finds the tax preparer was not in compliance with a cease and desist order,  
418.8 the court may impose a further civil penalty against the tax preparer for contempt in an  
418.9 amount up to \$10,000 for each violation and may grant any other relief the court determines  
418.10 is just and proper in the circumstances. A civil penalty imposed by a court under this section  
418.11 may be collected and enforced by the commissioner as an income tax liability.

418.12 (c) The court may not require the commissioner to post a bond in an action or proceeding  
418.13 under this section.

418.14 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
418.15 31, 2017.

418.16 Sec. 19. Minnesota Statutes 2016, section 289A.60, subdivision 13, is amended to read:

418.17 Subd. 13. **Penalties for tax ~~return~~ preparers.** (a) If an understatement of liability with  
418.18 respect to a return or claim for refund is due to a reckless disregard of laws and rules or  
418.19 willful attempt in any manner to understate the liability for a tax by a person who is a tax  
418.20 ~~return~~ preparer with respect to the return or claim, the person shall pay to the commissioner  
418.21 a penalty of \$500. If a part of a ~~property tax refund~~ claim filed under section 290.0677,  
418.22 subdivision 1, or chapter 290A is excessive due to a reckless disregard or willful attempt  
418.23 in any manner to overstate the claim ~~for relief allowed under chapter 290A~~ by a person who  
418.24 is a tax ~~refund or return~~ preparer, the ~~person~~ tax preparer shall pay to the commissioner a  
418.25 penalty of \$500 with respect to the claim. These penalties may not be assessed against the  
418.26 employer of a tax ~~return~~ preparer unless the employer was actively involved in the reckless  
418.27 disregard or willful attempt to understate the liability for a tax or to overstate the claim for  
418.28 refund. These penalties are income tax liabilities and may be assessed at any time as provided  
418.29 in section 289A.38, subdivision 5.

418.30 (b) A civil action in the name of the state of Minnesota may be commenced to enjoin  
418.31 any person who is a tax ~~return~~ preparer doing business in this state as provided in section  
418.32 270C.447.

419.1 (c) The commissioner may terminate or suspend a tax preparer's authority to transmit  
419.2 returns electronically to the state, if the commissioner determines that the tax preparer has  
419.3 engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision  
419.4 or has been convicted under section 289A.63.

419.5 (d) For purposes of this subdivision, the term "understatement of liability" means an  
419.6 understatement of the net amount payable with respect to a tax imposed by state tax law,  
419.7 or an overstatement of the net amount creditable or refundable with respect to a tax. The  
419.8 determination of whether or not there is an understatement of liability must be made without  
419.9 regard to any administrative or judicial action involving the taxpayer. For purposes of this  
419.10 subdivision, the amount determined for underpayment of estimated tax under either section  
419.11 289A.25 or 289A.26 is not considered an understatement of liability.

419.12 (e) For purposes of this subdivision, the term "overstatement of claim" means an  
419.13 overstatement of the net amount refundable with respect to a claim ~~for property tax relief~~  
419.14 ~~provided by~~ filed under section 290.0677, subdivision 1, or chapter 290A. The determination  
419.15 of whether or not there is an overstatement of a claim must be made without regard to  
419.16 administrative or judicial action involving the claimant.

419.17 (f) For purposes of this section, the term ~~"tax refund or return preparer" means an~~  
419.18 ~~individual who prepares for compensation, or who employs one or more individuals to~~  
419.19 ~~prepare for compensation, a return of tax, or a claim for refund of tax. The preparation of~~  
419.20 ~~a substantial part of a return or claim for refund is treated as if it were the preparation of~~  
419.21 ~~the entire return or claim for refund. An individual is not considered a tax return preparer~~  
419.22 ~~merely because the individual:~~

419.23 ~~(1) gives typing, reproducing, or other mechanical assistance;~~

419.24 ~~(2) prepares a return or claim for refund of the employer, or an officer or employee of~~  
419.25 ~~the employer, by whom the individual is regularly and continuously employed;~~

419.26 ~~(3) prepares a return or claim for refund of any person as a fiduciary for that person; or~~

419.27 ~~(4) prepares a claim for refund for a taxpayer in response to a tax order issued to the~~  
419.28 ~~taxpayer. "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision~~  
419.29 ~~2, paragraph (h).~~

419.30 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
419.31 31, 2017.

420.1 Sec. 20. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

420.2 Subd. 28. **Preparer identification number.** ~~Any Minnesota individual income tax return~~  
 420.3 ~~or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision~~  
 420.4 ~~13, paragraph (f), shall bear the identification number the preparer is required to use federally~~  
 420.5 ~~under section 6109(a)(4) of the Internal Revenue Code. (a) Each of the following that is~~  
 420.6 prepared by a tax preparer must include the tax preparer's tax identification number:

420.7 (1) a tax return required to be filed under this chapter;

420.8 (2) a claim filed under section 290.0677, subdivision 1, or chapter 290A; and

420.9 (3) a claim for refund of an overpayment.

420.10 (b) A tax preparer is not required to include their preparer tax identification number on  
 420.11 a filing if the number is not required in the forms or filing requirements provided by the  
 420.12 commissioner.

420.13 (c) A tax refund or return preparer who prepares a Minnesota individual income tax  
 420.14 return or claim for refund and fails to include the required preparer tax identification number  
 420.15 on the return or claim as required by this section is subject to a penalty of \$50 for each  
 420.16 failure.

420.17 (d) A tax preparer who fails to include the preparer tax identification number as required  
 420.18 by this section, and who is required to have a valid preparer tax identification number issued  
 420.19 under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to  
 420.20 a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is  
 420.21 not subject to the penalty in paragraph (c).

420.22 (e) For the purposes of this subdivision, "tax preparer" has the meaning given in section  
 420.23 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means  
 420.24 the number the tax preparer is required to use federally under section 6109(a)(4) of the  
 420.25 Internal Revenue Code.

420.26 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 420.27 31, 2017.

420.28 Sec. 21. **REVISOR'S INSTRUCTION.**

420.29 (a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in  
 420.30 column A to the references listed in column B.

420.31 Column A

Column B

420.32 270C.445, subdivision 3a

270C.4451, subdivision 1

421.1	<u>270C.445, subdivision 4</u>	<u>270C.4451, subdivision 2</u>
421.2	<u>270C.445, subdivision 4a</u>	<u>270C.4451, subdivision 3</u>
421.3	<u>270C.445, subdivision 4b</u>	<u>270C.4451, subdivision 4</u>
421.4	<u>270C.445, subdivision 5b</u>	<u>270C.4451, subdivision 5</u>

421.5 (b) The revisor shall make necessary cross-reference changes in Minnesota Statutes and  
421.6 Minnesota Rules consistent with the renumbering of Minnesota Statutes, section 270C.445,  
421.7 subdivisions 3a, 4, 4a, 4b, and 5b.

421.8 (c) The revisor shall publish the statutory derivations of the laws renumbered in this act  
421.9 in Laws of Minnesota and report the derivations in Minnesota Statutes.

421.10 (d) If Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b, are further  
421.11 amended in the 2017 legislative session, the revisor shall codify the amendments in a manner  
421.12 consistent with this act. The revisor may make necessary changes to sentence structure to  
421.13 preserve the meaning of the text.

421.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

421.15 Sec. 22. **REPEALER.**

421.16 Minnesota Statutes 2016, sections 270C.445, subdivision 1; and 270C.447, subdivision  
421.17 4, are repealed.

421.18 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
421.19 31, 2017.

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Article locations in H0004-2

ARTICLE 1	INDIVIDUAL INCOME, CORPORATE, FRANCHISE, AND ESTATE TAXES .....	Page.Ln 3.29
ARTICLE 2	PROPERTY TAX .....	Page.Ln 59.4
ARTICLE 3	TAXPAYER EMPOWERMENT .....	Page.Ln 116.27
ARTICLE 4	SALES AND USE TAXES .....	Page.Ln 144.6
ARTICLE 5	AIDS, CREDITS, AND REFUNDS .....	Page.Ln 171.7
ARTICLE 6	IN PERPETUITY PAYMENTS ON LAND PURCHASES .....	Page.Ln 192.26
ARTICLE 7	LOCAL OPTION SALES AND USE TAXES .....	Page.Ln 205.17
ARTICLE 8	TAX INCREMENT FINANCING .....	Page.Ln 226.26
ARTICLE 9	PUBLIC FINANCE .....	Page.Ln 247.23
ARTICLE 10	TOBACCO TAXES .....	Page.Ln 253.21
ARTICLE 11	TAX ADMINISTRATION .....	Page.Ln 255.24
ARTICLE 12	MISCELLANEOUS .....	Page.Ln 265.23
ARTICLE 13	TRANSPORTATION-RELATED TAXES .....	Page.Ln 284.24
ARTICLE 14	VEHICLE TAXES AND FEES .....	Page.Ln 291.16
ARTICLE 15	DEPARTMENT OF REVENUE 2015-2016 SALES SUPPRESSION PROVISIONS .....	Page.Ln 293.19
ARTICLE 16	DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES .....	Page.Ln 296.17
ARTICLE 17	DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; SPECIAL TAXES AND SALES AND USE TAXES .....	Page.Ln 312.5
ARTICLE 18	DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; PROPERTY TAX .....	Page.Ln 321.1
ARTICLE 19	DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; MISCELLANEOUS .....	Page.Ln 348.3
ARTICLE 20	DEPARTMENT OF REVENUE 2015-2016 SUSTAINABLE FOREST INCENTIVE ACT PROVISIONS .....	Page.Ln 374.2
ARTICLE 21	DEPARTMENT OF REVENUE INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAX TECHNICAL PROVISIONS .....	Page.Ln 375.25
ARTICLE 22	DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT AID TECHNICAL PROVISIONS .....	Page.Ln 379.18
ARTICLE 23	DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES TECHNICAL PROVISIONS .....	Page.Ln 383.7
ARTICLE 24	DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT AID POLICY PROVISIONS .....	Page.Ln 389.2
ARTICLE 25	DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES POLICY PROVISIONS .....	Page.Ln 397.17
ARTICLE 26	DEPARTMENT OF REVENUE PAID PREPARER POLICY PROVISIONS .....	Page.Ln 404.4

**10A.322 SPENDING LIMIT AGREEMENTS.**

Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.

(b) The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

(c) The willful issuance of an official refund receipt form or a facsimile to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

(d) A violation of paragraph (b) or (c) is a misdemeanor.

**13.4967 OTHER TAX DATA CODED ELSEWHERE.**

Subd. 2. **Political contribution refund.** Certain political contribution refund data in the Revenue Department are classified under section 290.06, subdivision 23.

**136A.129 GREATER MINNESOTA INTERNSHIP PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given to them.

(b) "Eligible employer" means a taxpayer under section 290.01 with employees located in greater Minnesota.

(c) "Eligible institution" means a Minnesota public postsecondary institution or a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or university.

(d) "Eligible student" means a student enrolled in an eligible institution who has completed one-half of the credits necessary for the respective degree or certification, including a graduate degree.

(e) "Greater Minnesota" means the area of the state outside of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

Subd. 2. **Program established.** The office shall administer a greater Minnesota internship program through eligible institutions to provide credit at the eligible institution for internships and tax credits for eligible employers who hire interns for employment in greater Minnesota.

Subd. 3. **Program components.** (a) An intern must be an eligible student who has been admitted to a major program that is related to the intern experience as determined by the eligible institution.

(b) To participate in the program, an eligible institution must:

(1) enter into written agreements with eligible employers to provide internships that are at least eight weeks long and located in greater Minnesota; and

(2) provide academic credit for the successful completion of the internship or ensure that it fulfills requirements necessary to complete a vocational technical education program.

(c) To participate in the program, an eligible employer must enter into a written agreement with an eligible institution specifying that the intern:

(1) would not have been hired without the tax credit described in subdivision 4;

(2) did not work for the employer in the same or a similar job prior to entering the agreement;

(3) does not replace an existing employee;

(4) has not previously participated in the program;

(5) will be employed at a location in greater Minnesota;

(6) will be paid at least minimum wage for a minimum of 16 hours per week for a period of at least eight weeks; and

(7) will be supervised and evaluated by the employer.

(d) The written agreement between the eligible institution and the eligible employer must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total dollar amount of credits that an eligible institution certifies to eligible employers in a calendar year may not exceed the amount of its allocation under subdivision 4.

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(e) Participating eligible institutions and eligible employers must report annually to the office. The report must include at least the following:

- (1) the number of interns hired;
- (2) the number of hours and weeks worked by interns; and
- (3) the compensation paid to interns.

(f) An internship required to complete an academic program does not qualify for the greater Minnesota internship program under this section.

**Subd. 4. Tax credit allowed.** An employer is entitled to a tax credit as provided in section 290.06, subdivision 36. The total amount of credits allocated in a calendar year must not exceed \$2,000,000. The office shall determine relevant criteria to allocate the tax credits including the geographic distribution of credits to work locations outside the metropolitan area, and shall allocate credits to eligible institutions that meet the criteria on a first-come, first-served basis. Any credits allocated to an institution but not used may be reallocated to eligible institutions. The office shall allocate a portion of the administrative fee under section 290.06, subdivision 36, to participating eligible institutions for their administrative costs.

**Subd. 5. Reports to the legislature.** (a) By February 1, 2016, the office and the Department of Revenue shall report to the legislature on the greater Minnesota internship program. The report must include at least the following:

- (1) the number and dollar amount of credits allowed;
- (2) the number of interns employed under the program; and
- (3) the cost of administering the program.

(b) By February 1, 2017, the office and the Department of Revenue shall report to the legislature with an analysis of the effectiveness of the program in stimulating businesses to hire interns and in assisting participating interns in finding permanent career positions. This report must include the number of students who participated in the program who were subsequently employed full-time by the employer.

### **205.10 MUNICIPAL SPECIAL ELECTIONS.**

**Subd. 3. Prohibition.** No special election authorized under subdivision 1 may be held within 56 days after the state general election.

### **270.074 VALUATION OF FLIGHT PROPERTY; METHODS OF APPORTIONMENT; RATIO OF TAX.**

**Subd. 2. Other apportionment methods.** The method prescribed by subdivision 1 shall be presumed to determine fairly and correctly the value of the flight property of an airline allocable to this state. Any airline aggrieved by the valuation of the flight property or the application to its case of the apportionment methods prescribed by subdivision 1, may petition the commissioner for determination of the valuation or the apportionment thereof to this state by the use of some other method. Thereupon, if the commissioner finds that the application of the methods prescribed by subdivision 1 will be unjust to the airline, the commissioner may allow the use of the methods so petitioned for by the airline, or may determine the valuation or apportionment thereof by other methods if satisfied that such other methods will fairly reflect such valuation or apportionment thereof.

### **270C.445 TAX PREPARATION SERVICES.**

**Subdivision 1. Scope.** This section applies to a person who provides tax preparation services, except:

- (1) a person who provides tax preparation services for fewer than ten clients in a calendar year;
- (2) a person who provides tax preparation services only to immediate family members. For the purposes of this section, "immediate family members" means a spouse, parent, grandparent, child, or sibling;
- (3) an employee who prepares a tax return for an employer's business;
- (4) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, testator, trustor, grantor, or beneficiaries of them; and
- (5) nonprofit organizations providing tax preparation services under the Internal Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly Program.

### **270C.447 LEGAL ACTION TO ENJOIN TAX RETURN PREPARER.**



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Subd. 4. **Tax return preparer.** For purposes of this section, the term "tax return preparer" means an individual who prepares for compensation, or who employs one or more individuals to prepare for compensation, a return of tax or a claim for refund of tax. The preparation of a substantial part of a return or claim for refund is treated as if it were the preparation of the entire return or claim for refund. An individual is not considered a tax return preparer merely because the individual:

- (1) gives typing, reproducing, or other mechanical assistance;
- (2) prepares a return or claim for refund of the employer, or an officer or employee of the employer, by whom the individual is regularly and continuously employed;
- (3) prepares a return or claim for refund of any person as a fiduciary for that person; or
- (4) prepares a claim for refund for a taxpayer in response to a tax order issued to the taxpayer.

#### **270C.9901 ASSESSOR ACCREDITATION.**

Every individual who appraises or physically inspects real property for the purpose of determining its valuation or classification for property tax purposes must obtain licensure as an accredited Minnesota assessor from the State Board of Assessors by July 1, 2019, or within four years of that person having become licensed as a certified Minnesota assessor, whichever is later.

#### **281.22 COUNTY AUDITOR TO GIVE NOTICE.**

#### **281.22 COUNTY AUDITOR TO GIVE NOTICE.**

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

#### **281.22 COUNTY AUDITOR TO GIVE NOTICE.**

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

#### **289A.10 FILING REQUIREMENTS FOR ESTATE TAX RETURNS.**

Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as defined under

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section 291.03, subdivision 8, paragraph (c), or personal representative of the decedent's estate must submit a recapture tax return to the commissioner.

**289A.12 FILING REQUIREMENTS FOR INFORMATION RETURNS AND REPORTS.**

Subd. 18. **Returns by qualified heirs.** A qualified heir, as defined in section 291.03, subdivision 8, paragraph (c), must file two returns with the commissioner attesting that no disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), occurred. The first return must be filed no earlier than 24 months and no later than 26 months after the decedent's death. The second return must be filed no earlier than 36 months and no later than 39 months after the decedent's death.

**289A.18 DUE DATES FOR FILING OF RETURNS.**

Subd. 3a. **Recapture tax return.** A recapture tax return must be filed with the commissioner within six months after the date of the disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a).

**289A.20 DUE DATES FOR MAKING PAYMENTS OF TAX.**

Subd. 3a. **Recapture tax.** The additional estate tax imposed by section 291.03, subdivision 11, paragraph (b), is due and payable on or before the expiration of the date provided by section 291.03, subdivision 11, paragraph (c).

**290.06 RATES OF TAX; CREDITS.**

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

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(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).

**Subd. 36. Greater Minnesota internship credit.** (a) A taxpayer who is an eligible employer may take a credit against the tax due under this chapter equal to the lesser of:

(1) 40 percent of the compensation paid to an intern qualifying under the program established under section 136A.129, but not to exceed \$2,000 per intern; or

(2) the amount certified to the taxpayer by an eligible institution out of the institution's allocation of credits for the calendar year, as provided in section 136A.129.

(b) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's income for the taxable year.

(c) If the amount of credit which the taxpayer is eligible to receive under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer.

(d) An amount necessary to pay claims for refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(e) An amount equal to one percent of the total amount of the credits authorized under section 136A.129, subdivision 4, for an administrative fee for the Office of Higher Education and participating eligible institutions is appropriated from the general fund to the commissioner of revenue, for a transfer to the Office of Higher Education.

(f) For purposes of this subdivision, the terms "eligible employer" and "eligible institution" have the meanings given in section 136A.129.

### **290.067 DEPENDENT CARE CREDIT.**

**Subd. 2. Limitations.** The credit for expenses incurred for the care of each dependent shall not exceed \$720 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$1,440 in a taxable year. The maximum total credit shall be reduced according to the amount of the income of the claimant and a spouse, if any, as follows:

income up to \$18,040, \$720 maximum for one dependent, \$1,440 for all dependents;

income over \$18,040, the maximum credit for one dependent shall be reduced by \$18 for every \$350 of additional income, \$36 for all dependents.

The commissioner shall construct and make available to taxpayers tables showing the amount of the credit at various levels of income and expenses. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transitions between expenses and income brackets.

### **290.9743 ELECTION BY FASIT.**

An entity having a valid election as a financial asset securitization investment trust in effect for a taxable year under section 860L(a) of the Internal Revenue Code shall not be subject to the taxes imposed by this chapter, except the tax imposed under section 290.92.

### **290.9744 FASIT INCOME TAXABLE TO HOLDERS OF INTERESTS.**

The income of a financial asset securitization investment trust is taxable to the holders of interests in the financial asset securitization investment trust as provided in sections 860H to 860L of the Internal Revenue Code. The income of the holders must be computed under the provisions of this chapter.

### **290C.02 DEFINITIONS.**

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Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

**290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;  
MANAGED FOREST LAND.**

The commissioner shall annually calculate a statewide average estimated market value per acre for class 2c managed forest land under section 273.13, subdivision 23.

**291.03 RATES.**

Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the meanings given in this subdivision.

(b) "Family member" means a family member as defined in section 2032A(e)(2) of the Internal Revenue Code, or a trust whose present beneficiaries are all family members as defined in section 2032A(e)(2) of the Internal Revenue Code.

(c) "Qualified heir" means a family member who acquired qualified property upon the death of the decedent and satisfies the requirement under subdivision 9, clause (7), or subdivision 10, clause (5), for the property.

(d) "Qualified property" means qualified small business property under subdivision 9 and qualified farm property under subdivision 10.

Subd. 9. **Qualified small business property.** Property satisfying all of the following requirements is qualified small business property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of the assets of a trade or business or shares of stock or other ownership interests in a corporation or other entity engaged in a trade or business. Shares of stock in a corporation or an ownership interest in another type of entity do not qualify under this subdivision if the shares or ownership interests are traded on a public stock exchange at any time during the three-year period ending on the decedent's date of death. For purposes of this subdivision, an ownership interest includes the interest the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

(3) During the taxable year that ended before the decedent's death, the trade or business must not have been a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and the decedent or the decedent's spouse must have materially participated in the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the taxable year that ended before the decedent's death.

(4) The gross annual sales of the trade or business were \$10,000,000 or less for the last taxable year that ended before the date of the death of the decedent.

(5) The property does not consist of cash, cash equivalents, publicly traded securities, or assets not used in the operation of the trade or business. For property consisting of shares of stock or other ownership interests in an entity, the value of cash, cash equivalents, publicly traded securities, or assets not used in the operation of the trade or business held by the corporation or other entity must be deducted from the value of the property qualifying under this subdivision in proportion to the decedent's share of ownership of the entity on the date of death.

(6) The decedent continuously owned the property, including property the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for the three-year period ending on the date of death of the decedent. In the case of a sole proprietor, if the property replaced similar property within the three-year period, the replacement property will be treated as having been owned for the three-year period ending on the date of death of the decedent.

(7) For three years following the date of death of the decedent, the trade or business is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and a family member materially participates in the operation of the trade or business within the meaning of

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section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the three years following the date of death of the decedent.

(8) The estate and the qualified heir elect to treat the property as qualified small business property and agree, in the form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

Subd. 10. **Qualified farm property.** Property satisfying all of the following requirements is qualified farm property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of agricultural land and is owned by a person or entity that is either not subject to or is in compliance with section 500.24.

(3) For property taxes payable in the taxable year of the decedent's death, the property is classified as class 2a property under section 273.13, subdivision 23, and is classified as agricultural homestead, agricultural relative homestead, or special agricultural homestead under section 273.124.

(4) The decedent continuously owned the property, including property the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for the three-year period ending on the date of death of the decedent either by ownership of the agricultural land or pursuant to holding an interest in an entity that is not subject to or is in compliance with section 500.24.

(5) The property is classified for property tax purposes as class 2a property under section 273.13, subdivision 23, for three years following the date of death of the decedent.

(6) The estate and the qualified heir elect to treat the property as qualified farm property and agree, in a form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of any interest in the qualified property, other than by a disposition to a family member, or a family member ceases to satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces qualified small business property excluded under subdivision 9 with similar property, then the qualified heir will not be treated as having disposed of an interest in the qualified property.

(b) The amount of the additional tax equals the amount of the exclusion claimed by the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

(c) The additional tax under this subdivision is due on the day which is six months after the date of the disposition or cessation in paragraph (a).

### **297A.992 METROPOLITAN TRANSPORTATION AREA SALES TAX.**

Subd. 12. **Grant awards to Metropolitan Council.** Any grant award under this section made to the Metropolitan Council must supplement, and must not supplant, operating and capital assistance provided by the state.

### **297F.05 RATES OF TAX; PERSONAL DEBT.**

Subd. 1a. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates under subdivision 1, including any adjustment made in prior years under this subdivision, by multiplying the mill rates for the current calendar year by an adjustment factor and rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax rate that applies to the following calendar year divided by the in-lieu sales tax rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the tax rate established under section 297F.25, subdivision 1. For purposes of the calculations under this subdivision to be made in any year in which an increase in the federal or state excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated average price for the current year an amount equal to any increase in the state or federal excise tax rate.

(b) The commissioner shall publish the resulting rate by November 1 and the rate applies to sales made on or after January 1 of the following year.

(c) The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act in chapter 14.

### **477A.085 DEBT SERVICE AID; CITY OF MINNEAPOLIS.**

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On or before November 1, 2016, and the first day of each November thereafter, the commissioner shall pay to the city of Minneapolis an amount equal to 40 percent of the city's otherwise required levy to pay its general obligation library referendum bonds for the following calendar year. The levy excludes any amount to pay bonds, other than refunding bonds, issued after May 1, 2013. An amount sufficient to pay the aid under this section is appropriated from the general fund to the commissioner of revenue.

**477A.20 DEBT SERVICE AID; LEWIS AND CLARK JOINT POWERS BOARD.**

(a) The Lewis and Clark Joint Powers Board is eligible to receive an aid distribution under this section equal to (1) the principal and interest payable in the succeeding calendar year for bonds issued under section 469.194 minus the sum of (2) the combined adjusted net tax capacity of Rock County and Nobles County for the assessment year prior to the aid payable year multiplied by 1.5 percent and (3) 50 percent of any federal aid received to fund the project in the calendar year. The board shall certify to the commissioner of revenue any federal aid allocated to the project for the calendar year and the principal and interest due in the succeeding calendar year by June 1 of the aid payable year. The commissioner of revenue shall calculate the aid payable under this section and certify the amount payable before July 1 of the aid distribution year. The commissioner shall pay the aid under this section to the board at the times specified for payments of local government aid in section 477A.015. An amount sufficient to pay the state aid authorized under this section is annually appropriated to the commissioner from the general fund.

(b) The board must allocate the aid to the municipalities issuing bonds under section 469.194 in proportion to their principal and interest payments.

(c) If the deduction under paragraph (a), clause (3), eliminates the aid payment under this section in a calendar year, then the excess of the deduction must be carried over and used to reduce the principal and interest in the succeeding year or years used to calculate aid under paragraph (a).

(d) If federal grants and aid received for the project, not deducted under paragraph (a), clause (3), exceed the total debt service payments for bonds issued under section 469.194, other than payments made with state aid under this section, the joint powers board must repay any excess to the commissioner of revenue for deposit in the general fund. The repayment may not exceed the sum of state aid payments under this section and any other grants made by the state for the project.

(e) This section expires at the earlier of January 1, 2039, or when the bonds authorized under section 469.194 have been paid or defeased.

**4503.1400 PUBLIC SUBSIDY AGREEMENTS.**

Subp. 4. **Effect on right to participate in political contribution refund program.** The right to issue receipts under the political contribution refund program established in Minnesota Statutes, section 290.06, subdivision 23, arises only when the public subsidy agreement is actually signed.

**8092.1400 ANNUAL RETURNS.**

Subpart 1. **General rule.** If an employer deducts and withholds an amount required by Minnesota Statutes, chapter 290, for a base year and the amount required is \$500 or less, the employer, for the qualifying year, may elect to file an annual return and make an annual payment of the amount required to be deducted and withheld in that calendar year and is thereafter relieved from filing quarterly returns and making quarterly payments. The annual return and payment are due on or before February 28 of the calendar year following the calendar year the amounts were deducted and withheld. The annual return will serve as the reconciliation required in Minnesota Statutes, section 289A.09, subdivision 2, paragraph (d), for those employers who have elected to file an annual return. The Department of Revenue, applying the criteria of this part, will annually determine which employers are eligible to file an annual return and notify those employers who qualify. Employers who have not filed all withholding tax returns required for the base year are not eligible to file an annual return. Only those employers so notified by the Department of Revenue are eligible to elect to file an annual return. At the time of notification, eligible employers may still elect to file returns and make deposits quarterly. Employers who make such election are required to make all returns and deposits required by Minnesota Statutes, chapter 289A, and will be subject to all applicable penalties.

Subp. 2. **Base year.** "Base year" means the most recent period of four consecutive quarters for which the Department of Revenue has compiled data on all employers withholding tax for that period. The first base year is the four-consecutive quarter period beginning January 1990 and ending December 1990.

Subp. 3. **Qualifying year.** "Qualifying year" means the calendar year for which the Department of Revenue notifies the employer that it is eligible to file an annual return. The first qualifying year is the 1992 calendar year.

Subp. 4. **Accelerated deposits.** If, at the end of any calendar month other than the last month of the calendar year, the aggregate amount of undeposited withholding tax withheld by an employer who has elected to file an annual return exceeds \$500, the employer must deposit the aggregate amount with the Department of Revenue within 30 days after the close of the calendar month.

Notwithstanding any other provision of this part, employers are subject to the eighth-monthly period deposit requirements of Minnesota Statutes, section 289A.20.

In the event an employer who has elected to file an annual return pursuant to this part permanently ceases to pay wages for which withholding of tax is required, the employer must file a final return and deposit any undeposited tax on or before the last day of the month following the month in which the discontinuance of such activity occurred.

Subp. 5. **Maximum withholding amount.** The commissioner of revenue shall annually recalculate the maximum withholding amount for annual filing, using the percentage calculated pursuant to Minnesota Statutes, section 290.06, subdivision 2d, paragraph (b). If the maximum withholding amount so calculated is more than \$100 above the maximum withholding amount for annual filing then in effect, the maximum withholding amount for annual filing must be increased by \$100. If the maximum withholding amount so calculated is less than \$100 above the maximum withholding amount then in effect, there shall be no change in the maximum withholding amount then in effect. When the maximum withholding amount is adjusted by the commissioner under this subpart, the maximum withholding amounts referred to in subparts 1 and 4 must be adjusted by the same amount by the commissioner.

**8092.2000 CONTRACTS WITH STATE; WITHHOLDING; CERTIFICATION.**

Minnesota Statutes, section 270C.66 provides that no department of the state of Minnesota nor any political or governmental subdivision thereof shall make final settlement with any contractor, under a contract requiring the employment of employees for wages by said contractor, until satisfactory showing is furnished to said department or governmental subdivision that the contractor in question has complied with the withholding provisions of Minnesota Statutes,

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section 290.92. The statute further provides that a certificate issued by the commissioner of revenue shall satisfy this requirement.

The provisions of the statute are prospective in their effect and apply only to contracts executed after April 7, 1961. To facilitate the obtaining of the certification provided for by Minnesota Statutes, section 270C.66 the commissioner has made available form IC134. This form is in two parts, the first section thereof is in the form of an affidavit to be executed by a prime contractor or subcontractor and the second portion thereof is the commissioner's certification. The affidavit portion of the form in any event requires that certain identifying information be set forth by the affiant such as the name of the contractor, the address, withholding identification number, the number of the contract or contracts involved and the name of the department of the state or governmental subdivision with whom the contractor has contracted. The affidavit itself is divided into two parts A and B and it is intended that part A will be executed by both a prime contractor or subcontractor with respect to the employees of such prime contractor or subcontractor.

Part B of said affidavit is to be executed only by a prime contractor who has utilized subcontractors in completing a contract with the state or governmental subdivision thereof. In such a case it is contemplated that each subcontractor will execute part A of the affidavit on form IC134 and obtain from the commissioner certification with respect to such subcontractor's own employees. This copy of form IC134 certified to with respect to the subcontractor's employees will be given to the prime contractor who should keep such affidavit and certification in the prime contractor's own files. When the prime contractor has received such an affidavit and certification from all of the subcontractors on the contract, the prime contractor will then be in a position to execute part B of the affidavit as well as part A and obtain a certification from the commissioner as to the prime contractor's own employees. This form IC134, when both parts A and B have been executed by the prime contractor and certified to by the commissioner, should then be delivered to the department or governmental subdivision in satisfaction of the requirements of Minnesota Statutes, section 270C.66.

The withholding section of the Department of Revenue will process these affidavits and any requests for form IC134 or inquiries relative to their use and application should be directed to this part.

**8100.0700 EQUALIZATION.**

Subpart 1. **In general.** After the apportionment of value referred to in part 8100.0600 has been made, the values of structures valued by the commissioner must be equalized to coincide with the assessment levels of commercial and industrial property within each respective county receiving a share of the apportioned utilities value. This equalization will be accomplished through the use of an assessment/sales ratio.

Subp. 2. **Assessment/sales ratio computation.** A comprehensive assessment/sales ratio study compiled annually by the sales ratio section of the Local Government Services Division of the Department of Revenue will be used in this computation. The portions of this study which will be used for purposes of this part are known as the "County Commercial and Industrial Sales Ratio."

This commercial and industrial (C & I) sales ratio is computed through an analysis of the certificates of real estate value filed by the buyers or sellers of commercial or industrial property within each county. The information contained on these certificates of real estate value is compiled pursuant to requests, standards, and methods set forth by the Minnesota Department of Revenue acting upon recommendations of the Minnesota Legislature. The most recent C & I study available will be used for purposes of this part.

The median C & I sales ratio from this County Commercial and Industrial Sales Ratio study will be used as a basis to estimate the current year C & I median ratio for each county.

The process used to estimate this current year median ratio will be as follows:

The State Board of Equalization abstract of market value will be examined. The current estimated market value of commercial and industrial property within each county will be taken from this abstract. The amount of the value of new commercial and industrial construction ("new" meaning since the last assessment period), as well as the value of commercial and industrial property which has changed classification (for example, commercial to tax exempt property) will also be taken from the abstract. The value of new construction will then be deducted from the estimated market value, resulting in a net estimated current year market value for commercial and industrial property within the county. The value of commercial and industrial property which has changed classification will be deducted from the previous years estimated market value to arrive at a net estimated previous year market value for commercial and industrial property within the county. The net current year value will be compared to the net previous year's estimated market



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value for commercial and industrial property within the county and the difference between the two values noted. This difference will be divided by the previous year's net estimated market value for commercial and industrial property to find the percentage of increase, or decrease, in assessment level for each year. This percent of change will be applied to the most recent C & I median ratio to estimate the current year's C & I median ratio. An example of this calculation for a typical county is shown below.

1990 E.M.V. for Commercial and Industrial Property	\$12,000,000	
Less: New Construction	1,500,000	
1990 Net E.M.V. for C & I property		\$ 10,500,000
1989 E.M.V. for C & I property	\$10,250,000	
Less: Classification changes	250,000	
1989 Net E.M.V. for C & I property		10,000,000
Difference 1989 vs 1990 E.M.V.		500,000
Percent of change (500,000/10,000,000)		5%
1989 Median C & I ratio		88%
1990 Estimated Median C & I ratio (88% x 105%)		92.4%

This same calculation is performed for each Minnesota county. If there are five or fewer valid sales of commercial and industrial property within a county during the study period, these few sales are insufficient to form the basis for a meaningful C & I ratio. Therefore, the median assessment/sales ratio to be used for purposes of the example computation in this subpart will not be the median C & I ratio but will be the weighted median ratio of all property classes within the county for which a sales ratio is available. This weighted median ratio is computed in the same manner using the same procedures and standards as the C & I ratio. In addition, the example computation in this subpart will not be performed using the commercial and industrial estimated market value but will use the estimated market value for all property within the county. All other aspects of the calculations are identical except for this substitution.

Class of Property	Amount of Value	Percent of Value	Median Ratio	Weighted Median Ratio
Residential	\$ 20,000,000	20%	86%	17.00%
Agricultural	55,000,000	55%	95%	52.25%
Seasonal - Recreational	5,000,000	5%	90%	4.50%
Commercial Industrial	20,000,000	20%	85%	17.00%
Total	\$100,000,000	100%		90.75%

Subp. 3. **Application of the estimated current year median assessment/sales ratio.** After the estimated current year median ratio has been calculated under subpart 2, it is used to adjust the apportioned estimated market value of utility structures valued by the commissioner. The value of these structures is reduced by the difference between 95 percent and the median ratio as adjusted in subpart 2. This is done by subtracting the current year median ratio, as adjusted, from the 95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4, to arrive at an equalization factor. The estimated market value of utility structures is multiplied by the equalization factor to arrive at the reduction amount. The reduction amount is subtracted from the estimated market value of the utility structures to arrive at the equalized market value of structures. In no instance will any adjustment be made if, after comparing the current year median sales ratio as adjusted to the assessment level of utility structures, the difference between the two is ten percent or less. An example of this adjustment is as follows:

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	County A	County B
Estimated Level of Assessment for Utility Property*	100.00%	100.00%
95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4	95.00%	95.00%
County Commercial/Industrial Sales Ratio	87.00%	93.00%
Equalization Factor	8.00%	0.00%
Estimated Market Value of Structures	1,000,000	1,000,000
Reduction in Value	80,000	0
Equalized Market Value of Structures	<hr style="width: 100%;"/> 920,000 <hr style="width: 100%;"/>	<hr style="width: 100%;"/> 1,000,000** <hr style="width: 100%;"/>

\*For purposes of this example, assume that utility property is assessed at 100 percent of market value.

\*\*No adjustment is made because the Estimated Current Year Median Sales Ratio is within ten percent of the assessment level of utility property.

All utilities operating within a particular county will be equalized at the same percentage. No adjustment for equalization will be made to machinery or personal property.

These equalized estimated market values of utility structures valued by the commissioner will be forwarded to the county assessor denoting specific utility companies and taxing districts together with personal property and machinery values pursuant to Minnesota Statutes.

**8125.1300 REFUNDS AND CREDITS.**

Subp. 3. **Gasoline used in aircraft.** Refunds for gasoline, other than aviation gasoline, purchased and used to produce or generate power for propelling aircraft shall be issued only to those claimants who have received approval to use such gasoline from the Federal Aviation Administration as evidenced by a supplemental type certificate.