

## 1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 4

## 1.2 A bill for an act

1.3 relating to financing and operation of state and local government; making changes  
1.4 to individual income, corporate franchise, estate, property, sales and use, excise,  
1.5 mineral, tobacco, gambling, special, local, and other miscellaneous taxes and  
1.6 tax-related provisions; modifying provisions related to taxpayer empowerment,  
1.7 local government aids, credits, refunds, in perpetuity payments on land purchases,  
1.8 tax increment financing, and public finance; providing for new income tax  
1.9 subtractions, additions, and credits; establishing a first-time home buyer savings  
1.10 account program; providing for conformity to federal tax extenders by  
1.11 administrative action; modifying the education credit; providing a credit for  
1.12 donations to fund K-12 scholarships; modifying residency definitions; providing  
1.13 estate tax conformity; modifying property tax exemptions, classifications, and  
1.14 refunds; allowing a reverse referendum for property tax levies under certain  
1.15 circumstances; establishing school building bond agricultural tax credit; modifying  
1.16 state general levy; modifying certain local government aids; modifying sales tax  
1.17 definitions and exemptions; providing sales tax exemptions; clarifying the  
1.18 appropriation for sales tax refunds; establishing sales tax collection duties for  
1.19 marketplace providers and certain retailers; dedicating certain sales tax revenues;  
1.20 providing exemptions from sales taxes and property taxes for a Major League  
1.21 Soccer stadium; authorizing certain tax increment financing authority; prohibiting  
1.22 municipalities from taxing paper or plastic bags; modifying county levy authority;  
1.23 authorizing certain local taxes; requiring voter approval for certain transportation  
1.24 sales taxes; restricting rail project expenditures; modifying provisions related to  
1.25 taconite; repealing political contribution refund; modifying taxes on tobacco  
1.26 products and cigarettes; providing for a private letter ruling program; modifying  
1.27 tax administration procedures; dedicating transportation-related taxes; modifying  
1.28 vehicle taxes and fees; making minor policy, technical, and conforming changes;  
1.29 requiring reports; appropriating money; amending Minnesota Statutes 2016, sections  
1.30 13.4967, by adding a subdivision; 13.51, subdivision 2; 40A.18, subdivision 2;  
1.31 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401,  
1.32 subdivision 12; 97A.056, subdivisions 1a, 3, by adding subdivisions; 116P.02,  
1.33 subdivision 1, by adding subdivisions; 116P.08, subdivisions 1, 4; 123B.63,  
1.34 subdivision 3; 126C.17, subdivision 9; 127A.45, subdivisions 10, 13; 128C.24;  
1.35 168.013, subdivision 1a, by adding a subdivision; 169.011, by adding a subdivision;  
1.36 205.10, subdivision 1; 205A.05, subdivision 1; 216B.36; 216B.46; 237.19; 270.071,  
1.37 subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding  
1.38 a subdivision; 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding  
1.39 a subdivision; 270.82, subdivision 1; 270A.03, subdivisions 5, 7; 270B.14,  
1.40 subdivision 1, by adding subdivisions; 270C.13, subdivision 1; 270C.171,  
1.41 subdivision 1; 270C.30; 270C.31, by adding a subdivision; 270C.33, subdivisions  
1.42 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2; 270C.35, subdivisions

2.1 3, 4, by adding a subdivision; 270C.38, subdivision 1; 270C.445, subdivisions 2,  
2.2 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a subdivision; 270C.446, subdivisions 2, 3, 4,  
2.3 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 270C.72, subdivision  
2.4 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1;  
2.5 271.18; 272.02, subdivisions 9, 10, 23, 86, by adding a subdivision; 272.0211,  
2.6 subdivision 1; 272.0213; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by  
2.7 adding a subdivision; 272.0295, subdivision 4, by adding a subdivision; 272.115,  
2.8 subdivisions 1, 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121,  
2.9 by adding a subdivision; 273.124, subdivisions 3a, 13, 13d, 14, 21; 273.125,  
2.10 subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.135, subdivision 1;  
2.11 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 2,  
2.12 4, by adding subdivisions; 274.01, subdivision 1; 274.014, subdivision 3; 274.13,  
2.13 subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a  
2.14 subdivision; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08,  
2.15 subdivision 1b; 275.60; 275.62, subdivision 2; 276.017, subdivision 3; 276.04,  
2.16 subdivisions 1, 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by  
2.17 adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3;  
2.18 282.01, subdivisions 1a, 1d, 4, 6, by adding a subdivision; 282.016; 282.018,  
2.19 subdivision 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08,  
2.20 subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10,  
2.21 subdivision 1; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18,  
2.22 subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31,  
2.23 subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40,  
2.24 subdivision 1; 289A.50, subdivisions 1, 2a, 7; 289A.60, subdivisions 1, 13, 28, by  
2.25 adding a subdivision; 289A.63, by adding a subdivision; 290.01, subdivisions 6,  
2.26 7; 290.0131, by adding subdivisions; 290.0132, subdivisions 4, 14, 21, by adding  
2.27 subdivisions; 290.0133, by adding a subdivision; 290.06, subdivision 22, by adding  
2.28 subdivisions; 290.067, subdivisions 1, 2b; 290.0672, subdivision 1; 290.0674,  
2.29 subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, 3, 6a;  
2.30 290.0685, subdivision 1; 290.091, subdivision 2; 290.0922, subdivision 2; 290.17,  
2.31 subdivision 2; 290.31, subdivision 1; 290A.03, subdivisions 3, 11, 13; 290A.10;  
2.32 290A.19; 290C.03; 291.005, subdivision 1, as amended; 291.016, subdivisions 2,  
2.33 3; 291.03, subdivisions 1, 9, 11; 291.075; 295.54, subdivision 2; 295.55, subdivision  
2.34 6; 296A.01, subdivisions 7, 12, 33, 42, by adding a subdivision; 296A.02, by  
2.35 adding a subdivision; 296A.07, subdivision 1; 296A.08, subdivision 2; 296A.16,  
2.36 subdivision 2; 296A.22, subdivision 9; 296A.26; 297A.66, subdivisions 1, 2, 4,  
2.37 by adding a subdivision; 297A.67, subdivision 13a, by adding a subdivision;  
2.38 297A.68, subdivisions 5, 9, 19, 35a; 297A.70, subdivisions 4, 12, 14, by adding  
2.39 subdivisions; 297A.71, subdivision 44, by adding subdivisions; 297A.75,  
2.40 subdivisions 1, 2, 3, 5; 297A.815, subdivision 3; 297A.82, subdivisions 4, 4a;  
2.41 297A.94; 297A.992, subdivision 6a; 297A.993, subdivisions 1, 2, by adding  
2.42 subdivisions; 297B.07; 297D.02; 297E.02, subdivisions 3, 6, 7; 297E.04,  
2.43 subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision  
2.44 13a; 297F.05, subdivisions 1, 3, 3a, 4a; 297F.09, subdivision 1; 297F.23; 297G.09,  
2.45 subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10,  
2.46 subdivisions 1, 3; 297I.20, by adding a subdivision; 297I.30, subdivision 7, by  
2.47 adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions 3, 4, 4c; 298.225,  
2.48 subdivision 1; 298.24, subdivision 1; 298.28, subdivisions 2, 3, 5; 366.095,  
2.49 subdivision 1; 383B.117, subdivision 2; 398A.10, subdivisions 3, 4; 410.32;  
2.50 412.221, subdivision 2; 412.301; 414.09, subdivision 2; 426.19, subdivision 2;  
2.51 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision  
1; 462.353, subdivision 4; 469.053, subdivision 5; 469.101, subdivision 1; 469.107,  
2.53 subdivision 2; 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175,  
2.54 subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision;  
2.55 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1,  
2.56 5; 469.319, subdivision 5; 471.57, subdivision 3; 471.571, subdivision 3; 471.572,  
2.57 subdivisions 2, 4; 473.39, by adding subdivisions; 473H.09; 473H.17, subdivision  
1a; 475.59; 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124,

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

3.26 May 9, 2017

3.27 The Honorable Kurt L. Daudt  
3.28 Speaker of the House of Representatives

3.29 The Honorable Michelle L. Fischbach  
3.30 President of the Senate

3.31 We, the undersigned conferees for H. F. No. 4 report that we have agreed upon the items  
3.32 in dispute and recommend as follows:

3.33 That the Senate recede from its amendments and that H. F. No. 4 be further amended  
3.34 as follows:

3.35 Delete everything after the enacting clause and insert:

3.36 **"ARTICLE 1**

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

3.38 **Section 1. 41B.0391 BEGINNING FARMER PROGRAM; TAX CREDITS.**

3.39 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have  
3.40 the meanings given.

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

3.43 (c) "Beginning farmer" means an individual who:

4.1        (1) is a resident of Minnesota;

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

4.3        (3) intends to farm land located within the state borders of Minnesota;

4.4        (4) is not and whose spouse is not a family member of the owner of the agricultural

4.5        assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

4.6        (5) is not and whose spouse is not a family member of a partner, member, shareholder,

4.7        or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to

4.8        purchase or rent agricultural assets; and

4.9        (6) meets the following eligibility requirements as determined by the authority:

4.10        (i) has a net worth that does not exceed the limit provided under section 41B.03,

4.11        subdivision 3, paragraph (a), clause (2);

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

4.13        (iii) has, by the judgment of the authority, adequate farming experience or demonstrates

4.14        knowledge in the type of farming for which the beginning farmer seeks assistance from the

4.15        authority;

4.16        (iv) demonstrates to the authority a profit potential by submitting projected earnings

4.17        statements;

4.18        (v) asserts to the satisfaction of the authority that farming will be a significant source

4.19        of income for the beginning farmer;

4.20        (vi) participates in a financial management program approved by the authority or the

4.21        commissioner of agriculture;

4.22        (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility

4.23        requirements within the three-year certification period, in which case the beginning farmer

4.24        is no longer eligible for credits under this section; and

4.25        (viii) has other qualifications as specified by the authority.

4.26        (d) "Family member" means a family member within the meaning of the Internal Revenue

4.27        Code, section 267(c)(4).

4.28        (e) "Farm product" means plants and animals useful to humans and includes, but is not

4.29        limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,

4.30        poultry and poultry products, livestock, fruits, and vegetables.

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

5.3       (g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that  
5.4       is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner  
5.5       of agricultural assets does not mean an equipment dealer, livestock dealer defined in section  
5.6       17A.03, subdivision 7, or comparable entity that is engaged in the business of selling  
5.7       agricultural assets for profit and that is not engaged in farming as its primary business  
5.8       activity. An owner of agricultural assets approved and certified by the authority under  
5.9       subdivision 4 must notify the authority if the owner no longer meets the definition in this  
5.10       paragraph within the three year certification period and is then no longer eligible for credits  
5.11       under this section.

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

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

5.20       (1) five percent of the lesser of the sale price or the fair market value of the agricultural  
5.21       asset;

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

5.24       (3) 15 percent of the cash equivalent of the gross rental income in each of the first,  
5.25       second, and third years of a share rent agreement.

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

5.30       (c) An owner of agricultural assets or beginning farmer may terminate a rental agreement,  
5.31       including a share rent agreement, for reasonable cause upon approval of the authority. If a  
5.32       rental agreement is terminated without the fault of the owner of agricultural assets, the tax  
5.33       credits shall not be retroactively disallowed. In determining reasonable cause, the authority

6.1 must look at which party was at fault in the termination of the agreement. If the authority  
6.2 determines the owner of agricultural assets did not have reasonable cause, the owner of  
6.3 agricultural assets must repay all credits received as a result of the rental agreement to the  
6.4 commissioner of revenue. The repayment is additional income tax for the taxable year in  
6.5 which the authority makes its decision or when a final adjudication under subdivision 5,  
6.6 paragraph (a), is made, whichever is later.

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

6.11 Subd. 3. **Beginning farmer management tax credit.** (a) A beginning farmer may take  
6.12 a credit against the tax due under chapter 290 for participating in a financial management  
6.13 program approved by the authority. The credit is equal to 100 percent of the amount paid  
6.14 for participating in the program, not to exceed \$1,500. The credit is available for up to three  
6.15 years while the farmer is in the program. The authority shall maintain a list of approved  
6.16 financial management programs and establish a procedure for approving equivalent programs  
6.17 that are not on the list.

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

6.22 Subd. 4. **Authority duties.** (a) The authority shall:

6.23 (1) approve and certify or recertify beginning farmers as eligible for the program under  
6.24 this section;

6.25 (2) approve and certify or recertify owners of agricultural assets as eligible for the tax  
6.26 credit under subdivision 2;

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

6.29 (4) refer beginning farmers to agencies and organizations that may provide additional  
6.30 pertinent information and assistance; and

6.31 (5) notwithstanding section 41B.211, the Rural Finance Authority must share information  
6.32 with the commissioner of revenue to the extent necessary to administer provisions under  
6.33 this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority

7.1 must annually notify the commissioner of revenue of approval and certification or  
7.2 recertification of beginning farmers and owners of agricultural assets under this section.

7.3 (b) The certification of a beginning farmer or an owner of agricultural assets under this  
7.4 section is valid for the year of the certification and the two following years, after which  
7.5 time the beginning farmer or owner of agricultural assets must apply to the authority for  
7.6 recertification.

7.7 Subd. 5. Appeals of authority determinations. (a) Any decision of the authority under  
7.8 this section may be challenged as a contested case under chapter 14. The contested case  
7.9 proceeding must be initiated within 60 days of the date of written notification by the office.

7.10 (b) If a taxpayer challenges a decision of the authority under this subdivision, upon  
7.11 perfection of the appeal the authority must notify the commissioner of revenue of the  
7.12 challenge within 5 days.

7.13 (c) Nothing in this subdivision affects the commissioner of revenue's authority to audit,  
7.14 review, correct, or adjust returns claiming the credit.

7.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.16 31, 2016.

7.17 Sec. 2. Minnesota Statutes 2016, section 116J.8737, subdivision 5, is amended to read:

7.18 Subd. 5. Credit allowed. (a)(1) A qualified investor or qualified fund is eligible for a  
7.19 credit equal to 25 percent of the qualified investment in a qualified small business.  
7.20 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified  
7.21 fund. The commissioner must not allocate more than \$15,000,000 in credits to qualified  
7.22 investors or qualified funds for taxable years beginning after December 31, 2013, and before  
7.23 January 1, 2017, and must not allocate more than \$10,000,000 in credits to qualified investors  
7.24 or qualified funds for taxable years beginning after December 31, 2016, and before January  
7.25 1, 2018, and must not allocate more than \$10,000,000 in credits to qualified investors or  
7.26 qualified funds for taxable years beginning after December 31, 2017, and before January  
7.27 1, 2020; and

7.28 (2) for taxable years beginning after December 31, 2014, and before January 1, 2018  
7.29 2020, 50 percent must be allocated to credits for qualifying investments in qualified greater  
7.30 Minnesota businesses and minority- or women-owned qualified small businesses in  
7.31 Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments  
7.32 in greater Minnesota businesses and minority- or women-owned qualified small businesses  
7.33 in Minnesota that is not allocated by September 30 of the taxable year is available for

8.1 allocation to other credit applications beginning on October 1. Any portion of a taxable  
8.2 year's credits that is not allocated by the commissioner does not cancel and may be carried  
8.3 forward to subsequent taxable years until all credits have been allocated.

8.4 (b) The commissioner may not allocate more than a total maximum amount in credits  
8.5 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
8.6 as an individual qualified investor and as an investor in a qualified fund; for married couples  
8.7 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
8.8 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
8.9 over all taxable years for qualified investments in any one qualified small business.

8.10 (c) The commissioner may not allocate a credit to a qualified investor either as an  
8.11 individual qualified investor or as an investor in a qualified fund if, at the time the investment  
8.12 is proposed:

8.13 (1) the investor is an officer or principal of the qualified small business; or  
8.14 (2) the investor, either individually or in combination with one or more members of the  
8.15 investor's family, owns, controls, or holds the power to vote 20 percent or more of the  
8.16 outstanding securities of the qualified small business.

8.17 A member of the family of an individual disqualified by this paragraph is not eligible for a  
8.18 credit under this section. For a married couple filing a joint return, the limitations in this  
8.19 paragraph apply collectively to the investor and spouse. For purposes of determining the  
8.20 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
8.21 267(e) of the Internal Revenue Code apply.

8.22 (d) Applications for tax credits for 2010 must be made available on the department's  
8.23 Web site by September 1, 2010, and the department must begin accepting applications by  
8.24 September 1, 2010. Applications for subsequent years must be made available by November  
8.25 1 of the preceding year.

8.26 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
8.27 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
8.28 tax credit request applications are filed with the department. The commissioner must approve  
8.29 or reject tax credit request applications within 15 days of receiving the application. The  
8.30 investment specified in the application must be made within 60 days of the allocation of  
8.31 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
8.32 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
8.33 specified in the application, within 60 days of allocation of the credits, must notify the

9.1 commissioner of the failure to invest within five business days of the expiration of the  
9.2 60-day investment period.

9.3 (f) All tax credit request applications filed with the department on the same day must  
9.4 be treated as having been filed contemporaneously. If two or more qualified investors or  
9.5 qualified funds file tax credit request applications on the same day, and the aggregate amount  
9.6 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
9.7 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
9.8 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
9.9 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
9.10 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
9.11 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
9.12 denominator of which is the total of all credit allocation claims filed on behalf of all  
9.13 applicants on that day, by the amount of credits that remain unallocated on that day for the  
9.14 taxable year.

9.15 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
9.16 behalf, must notify the commissioner when an investment for which credits were allocated  
9.17 has been made, and the taxable year in which the investment was made. A qualified fund  
9.18 must also provide the commissioner with a statement indicating the amount invested by  
9.19 each investor in the qualified fund based on each investor's share of the assets of the qualified  
9.20 fund at the time of the qualified investment. After receiving notification that the investment  
9.21 was made, the commissioner must issue credit certificates for the taxable year in which the  
9.22 investment was made to the qualified investor or, for an investment made by a qualified  
9.23 fund, to each qualified investor who is an investor in the fund. The certificate must state  
9.24 that the credit is subject to revocation if the qualified investor or qualified fund does not  
9.25 hold the investment in the qualified small business for at least three years, consisting of the  
9.26 calendar year in which the investment was made and the two following years. The three-year  
9.27 holding period does not apply if:

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

9.30 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
9.31 of the three-year period;

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

9.33 (4) the qualified small business's common stock begins trading on a public exchange  
9.34 before the end of the three-year period; or

10.1 (5) the qualified investor dies before the end of the three-year period.

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

10.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.5 31, 2017.

10.6 Sec. 3. Minnesota Statutes 2016, section 116J.8737, subdivision 12, is amended to read:

10.7 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
10.8 2017 2019, except that reporting requirements under subdivision 6 and revocation of credits  
10.9 under subdivision 7 remain in effect through 2019 2021 for qualified investors and qualified  
10.10 funds, and through 2021 2023 for qualified small businesses, reporting requirements under  
10.11 subdivision 9 remain in effect through 2022 2024, and the appropriation in subdivision 11  
10.12 remains in effect through 2021 2023.

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

10.14 Sec. 4. Minnesota Statutes 2016, section 289A.10, subdivision 1, is amended to read:

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

10.18 (1) a federal estate tax return is required to be filed; ~~or under the Internal Revenue Code.~~

10.19 (2) ~~the sum of the federal gross estate and federal adjusted taxable gifts, as defined in~~  
10.20 ~~section 2001(b) of the Internal Revenue Code, made within three years of the date of the~~  
10.21 ~~decedent's death exceeds \$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~  
10.22 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~  
10.23 ~~\$1,800,000 for estates of decedents dying in 2017; and \$2,000,000 for estates of decedents~~  
10.24 ~~dying in 2018 and thereafter.~~

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

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

11.1 Sec. 5. Minnesota Statutes 2016, section 290.01, subdivision 7, is amended to read:

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

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

11.12 (1) the individual or the spouse of the individual is in the armed forces of the United  
11.13 States; or

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

11.15 For purposes of this subdivision, presence within the state for any part of a calendar day  
11.16 constitutes a day spent in the state. Individuals shall keep adequate records to substantiate  
11.17 the days spent outside the state.

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

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

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

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

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

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

11.30 (1) "financial adviser" means:

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

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

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

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

12.11        Sec. 6. Minnesota Statutes 2016, section 290.0131, subdivision 10, as amended by Laws  
12.12        2017, chapter 1, section 4, is amended to read:

12.13        Subd. 10. **Section 179 expensing.** For taxable years beginning before January 1, 2018,  
12.14        80 percent of the amount by which the deduction allowed under the dollar limits of section  
12.15        179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the  
12.16        Internal Revenue Code, as amended through December 31, 2003, is an addition.

12.17        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.18        31, 2017.

12.19        Sec. 7. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
12.20        to read:

12.21        Subd. 14. **First-time home buyer savings account.** The amount for a first-time home  
12.22        buyer savings account required by section 462D.06, subdivision 2, is an addition.

12.23        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.24        31, 2016.

12.25        Sec. 8. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
12.26        to read:

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

12.30        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.31        31, 2017.

13.1 Sec. 9. Minnesota Statutes 2016, section 290.0132, subdivision 4, is amended to read:

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

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

13.7 ~~(2) tuition and fees paid to attend a school described in section 290.0674, subdivision~~

13.8 ~~1, clause (4), that are not included in education-related expenses; less~~

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

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

13.11 (1) \$1,625 for each qualifying child in a prekindergarten educational program or in  
13.12 kindergarten through grade 6; and

13.13 (2) \$2,500 for each qualifying child in grades 7 through 12.

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

13.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

13.16 31, 2016.

13.17 Sec. 10. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision

13.18 to read:

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

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

13.25 (c) The subtraction under this subdivision must not exceed \$3,000 for married couples  
13.26 filings joint returns and \$1,500 for all other filers, and is limited to individuals who do not  
13.27 claim the credit under section 290.0683.

13.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

13.29 31, 2016.

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

14.3 **Subd. 24. Discharge of indebtedness; education loans.** (a) The amount equal to the  
14.4 discharge of indebtedness of the taxpayer is a subtraction if:

14.5 (1) the indebtedness discharged is a qualified education loan; and  
14.6 (2) the indebtedness was discharged under section 136A.1791, or following the taxpayer's  
14.7 completion of an income-driven repayment plan.

14.8 (b) For the purposes of this subdivision, "qualified education loan" has the meaning  
14.9 given in section 221 of the Internal Revenue Code.

14.10 (c) For purposes of this subdivision, "income-driven repayment plan" means a payment  
14.11 plan established by the United States Department of Education that sets monthly student  
14.12 loan payments based on income and family size under United States Code, title 20, section  
14.13 1087e, or similar authority and specifically includes, but is not limited to:

14.14 (1) the income-based repayment plan under United States Code, title 20, section 1098e;  
14.15 (2) the income contingent repayment plan established under United States Code, title  
14.16 20, section 1087e, subsection (e); and  
14.17 (3) the PAYE program or REPAYE program established by the Department of Education  
14.18 under administrative regulations.

14.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
14.20 31, 2016.

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

14.23 **Subd. 25. First-time home buyer savings account.** (a) For purposes of this subdivision,  
14.24 the terms defined in section 462D.02 have the meanings given in that section.

14.25 (b) The amount an account holder contributes to and earnings on a first-time home buyer  
14.26 savings account allowed by section 462D.06, subdivision 1, is a subtraction.

14.27 (c) The subtraction allowed under this subdivision for a taxable year is limited to \$7,500,  
14.28 or \$15,000 for married joint filers. For a taxpayer whose adjusted gross income, as defined  
14.29 in section 62 of the Internal Revenue Code, for the taxable year exceeds \$125,000, or  
14.30 \$250,000 for married joint filers, the maximum subtraction is reduced \$1 for each \$4 of  
14.31 adjusted gross income in excess of that threshold.

15.1        (d) The adjusted gross income thresholds under paragraph (c) must be adjusted for  
15.2        inflation. The commissioner shall adjust the dollar amount of the income thresholds at which  
15.3        the maximum subtraction begins to be reduced under paragraph (b) by the percentage  
15.4        determined under section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B)  
15.5        the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then  
15.6        determine the percent change from the 12 months ending on August 31, 2016, to the 12  
15.7        months ending on August 31, 2017, and in each subsequent year, from the 12 months ending  
15.8        on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable  
15.9        year. The determination of the commissioner under this subdivision is not a "rule" and is  
15.10        not subject to the Administrative Procedure Act in chapter 14, including section 14.386.  
15.11        The threshold amount as adjusted must be rounded to the nearest \$100 amount. If the amount  
15.12        ends in \$50, the amount is rounded up to the nearest \$100 amount.

15.13        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
15.14        31, 2016.

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

15.17        **Subd. 26. Social Security benefits.** (a) A portion of Social Security benefits is allowed  
15.18        as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum  
15.19        subtraction subject to the limits under paragraphs (b), (c), and (d).

15.20        (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
15.21        subtraction equals \$8,250. The maximum subtraction is reduced by 20 percent of provisional  
15.22        income over \$77,000. In no case is the subtraction less than zero.

15.23        (c) For single or head-of-household taxpayers, the maximum subtraction equals \$6,500.  
15.24        The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.  
15.25        In no case is the subtraction less than zero.

15.26        (d) For married taxpayers filing separate returns, the maximum subtraction equals \$4,125.  
15.27        The maximum subtraction is reduced by 20 percent of provisional income over \$38,500.  
15.28        In no case is the subtraction less than zero.

15.29        (e) For purposes of this subdivision, "provisional income" means modified adjusted  
15.30        gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
15.31        the Social Security benefits received during the taxable year, and "Social Security benefits"  
15.32        has the meaning given in section 86(d)(1) of the Internal Revenue Code.

16.1        (f) The commissioner shall adjust the dollar amounts in paragraphs (b) to (d) by the  
16.2        percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue  
16.3        Code, except that in section 1(f)(3)(B) of the Internal Revenue Code the word "2016" shall  
16.4        be substituted for the word "1992." For 2018, the commissioner shall then determine the  
16.5        percentage change from the 12 months ending on August 31, 2016, to the 12 months ending  
16.6        on August 31, 2017, and in each subsequent year, from the 12 months ending on August  
16.7        31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The  
16.8        determination of the commissioner pursuant to this subdivision must not be considered a  
16.9        rule and is not subject to the Administrative Procedure Act contained in chapter 14, including  
16.10        section 14.386. The threshold amount as adjusted must be rounded to the nearest \$10 amount.  
16.11        If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

16.12        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.13        31, 2016.

16.14        Sec. 14. Minnesota Statutes 2016, section 290.0133, subdivision 12, as amended by Laws  
16.15        2017, chapter 1, section 5, is amended to read:

16.16        Subd. 12. **Section 179 expensing.** For taxable years beginning before January 1, 2018,  
16.17        80 percent of the amount by which the deduction allowed under the dollar limits of section  
16.18        179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the  
16.19        Internal Revenue Code, as amended through December 31, 2003, is an addition.

16.20        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.21        31, 2017.

16.22        Sec. 15. Minnesota Statutes 2016, section 290.0133, is amended by adding a subdivision  
16.23        to read:

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

16.27        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.28        31, 2017.

16.29        Sec. 16. **[290.016] CONFORMITY TO FEDERAL TAX EXTENDERS BY**  
16.30        **ADMINISTRATIVE ACTION.**

16.31        Subdivision 1. **Legislative purpose.** (a) The legislature intends this section to provide  
16.32        an ongoing mechanism for conforming the Minnesota individual income and corporate

17.1 franchise taxes and the property tax refund and homestead credit refund programs to federal  
17.2 tax legislation enacted after the legislature has adjourned that extends existing provisions  
17.3 of federal law, if the provisions affect tax liability in a calendar year that ends before the  
17.4 legislature is scheduled to reconvene in regular session. Congress has regularly enacted  
17.5 changes of that type that affect computation of Minnesota tax through its links to federal  
17.6 law. The federal changes consist mainly of extending provisions that reduce revenues and  
17.7 are scheduled to expire. Because Minnesota law is linked to federal law as of a specific  
17.8 date, taxpayers and the Department of Revenue must assume that Minnesota law does not  
17.9 include the effect of these federal changes even though the legislature regularly adopts most  
17.10 of the federal provisions retroactively in the next legislative session. This situation  
17.11 undermines compliance and administration of Minnesota taxes, causing delay, uncertainty,  
17.12 and added costs. This section provides an administrative mechanism to conform to most of  
17.13 these federal changes. The legislature's intent is to conform to the federal tax extenders,  
17.14 including minor modifications of them, and to set aside the necessary state budget resources  
17.15 to do so.

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

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

17.25 (b) \$20,000,000 is transferred from the general fund to the federal tax conformity account,  
17.26 effective July 1, 2017.

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

17.30 **Subd. 3. Eligible federal tax preferences.** For purposes of this section and section  
17.31 290.01, the term "eligible federal tax preferences" means any of the following items that  
17.32 are not in effect under the Internal Revenue Code for future taxable years beginning after  
17.33 December 31, 2016:

18.1        (1) discharge of qualified principal residence indebtedness under section 108(a)(1)(E)  
18.2        of the Internal Revenue Code;  
18.3        (2) mortgage insurance premiums treated as qualified residence interest under section  
18.4        163(h)(3)(E) of the Internal Revenue Code;  
18.5        (3) qualified tuition and related expenses under section 222 of the Internal Revenue  
18.6        Code;  
18.7        (4) classification of certain race horses as three-year property under section  
18.8        168(e)(3)(A)(i) and (ii) of the Internal Revenue Code;  
18.9        (5) the seven-year recovery period for motorsports entertainment complexes under  
18.10        section 168(i)(15) of the Internal Revenue Code;  
18.11        (6) the accelerated depreciation for business property on an Indian reservation under  
18.12        section 168(j) of the Internal Revenue Code;  
18.13        (7) the election to expense mine safety equipment under section 179E of the Internal  
18.14        Revenue Code;  
18.15        (8) the special expensing rules for certain film and television productions under section  
18.16        181 of the Internal Revenue Code;  
18.17        (9) the special allowance for second-generation biofuel plant property under section  
18.18        168(l) of the Internal Revenue Code;  
18.19        (10) the energy efficient commercial buildings deduction under section 179D of the  
18.20        Internal Revenue Code;  
18.21        (11) the five-year recovery period for property described in section 168(e)(3)(B)(vi)(I)  
18.22        of the Internal Revenue Code and qualifying for an energy credit under section 48(a)(3)(A)  
18.23        of the Internal Revenue Code; and  
18.24        (12) the amount of the additional section 179 allowance in an empowerment zone under  
18.25        section 1397A of the Internal Revenue Code.

18.26        **Subd. 4. Designation of qualifying federal conformity items.** (a) If, after final  
18.27        adjournment of a regular session of the legislature, Congress enacts a law that extends one  
18.28        or more of the eligible federal tax preferences to taxable years beginning during the calendar  
18.29        year in which the legislature adjourned, the commissioner shall prepare a list of qualifying  
18.30        federal conformity items and publish it on the Department of Revenue's Web site within 30  
18.31        days following enactment of the law. In preparing the list, the commissioner shall estimate  
18.32        the change in revenue resulting from allowing the eligible federal tax preferences, including

19.1 the effect of subdivision 6, for the current and succeeding biennia only. The commissioner  
19.2 shall not include an item on the list of qualifying federal conformity items if the commissioner  
19.3 estimates that its inclusion would reduce general fund revenues for the current and succeeding  
19.4 biennia by more than the balance in the federal tax conformity account.

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

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

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

19.13 (3) the items in subdivision 3, clauses (4) to (12), in that order, are the third priority;  
19.14 and

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

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

19.23 (d) Within ten days after the commissioner's final determination of qualifying federal  
19.24 conformity items under this subdivision, the commissioner shall notify the commissioner  
19.25 of management and budget, in writing, of the amount of the federal tax conformity account  
19.26 transfer under subdivision 2.

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

20.1       (b) For qualifying federal conformity items listed in subdivision 3, clauses (4) to (12),  
20.2       and bonus depreciation rules for which conformity in the designated taxable year that result  
20.3       in a revenue increase or decrease in subsequent taxable years, the commissioner shall  
20.4       administer the subsequent taxable year for the qualifying federal conformity items consistent  
20.5       with conformity to the items in the designated taxable year and the estimate used to calculate  
20.6       the transfer amount under subdivision 2.

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

20.11       (d) For purposes of this subdivision and subdivision 6, "designated taxable year" means  
20.12       a taxable year that begins during a calendar year in which an eligible federal tax preference  
20.13       is enacted after the legislature adjourned its regular session and is effective for any taxable  
20.14       year beginning during that calendar year.

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

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

20.26       **Subd. 8. Draft legislation.** For a taxable year for which the commissioner publishes a  
20.27       list of qualifying federal conformity items under this section, the commissioner shall provide  
20.28       the chairs and ranking minority members of the legislative committees with jurisdiction  
20.29       over taxes with draft legislation that would conform Minnesota Statutes to the qualifying  
20.30       federal conformity items and any other conformity items that the commissioner recommends  
20.31       be adopted, including application to taxable years beyond those to which this section applies.  
20.32       The draft legislation is intended to make the statutes consistent with application of the  
20.33       designated qualifying federal conformity items under this section for the convenience of

21.1 members of the public. Failure to pass the draft legislation does not affect computation of  
21.2 Minnesota tax liability for the affected taxable years under this section.

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

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

21.7 Sec. 17. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
21.8 read:

21.9 **Subd. 2g. First-time home buyer savings account.** (a) For purposes of this subdivision,  
21.10 the terms defined in section 462D.02 have the meanings given in that section.

21.11 (b) In addition to the tax computed under subdivision 2c, an additional amount of tax  
21.12 applies equal to the additional tax computed for the taxable year for the account holder of  
21.13 a first-time home buyer account under section 462D.06, subdivision 3.

21.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.15 31, 2016.

21.16 Sec. 18. Minnesota Statutes 2016, section 290.06, subdivision 22, is amended to read:

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

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

21.31 (c) If the taxpayer is an athletic team that apportions all of its income under section  
21.32 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this

22.1 chapter by the ratio derived from dividing the total net income subject to tax in the other  
22.2 state by the taxpayer's Minnesota taxable income.

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

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

22.9 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
22.10 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum  
22.11 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
22.12 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
22.13 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
22.14 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
22.15 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
22.16 properly apportioned to that distribution.

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

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

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

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

23.1 (1) includes:

23.2 (i) the District of Columbia; and

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

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

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

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

23.13 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a  
23.14 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount  
23.15 calculated by multiplying:

23.16 (i) the difference between the preliminary credit and the credit calculated under paragraphs  
23.17 (b) and (d), by

23.18 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that  
23.19 consists of compensation for performance of personal or professional services by the total  
23.20 amount of income subject to tax in the qualifying state.

23.21 (2) If the amount of the credit that a qualifying individual is eligible to receive under  
23.22 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before  
23.23 the application of the credit calculated under clause (1), the commissioner shall refund the  
23.24 excess to the qualifying individual. An amount sufficient to pay the refunds required by this  
23.25 subdivision is appropriated to the commissioner from the general fund.

23.26 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying  
23.27 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying  
23.28 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"  
23.29 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received  
23.30 compensation during the taxable year for the performance of personal or professional services  
23.31 within a qualifying state; and "qualifying state" means a state with which an agreement  
23.32 under section 290.081 is not in effect for the taxable year but was in effect for a taxable  
23.33 year beginning before January 1, 2010.

24.1        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
24.2        31, 2016.

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

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

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

24.10        (c) The credit is limited to the liability for tax, as computed under this chapter, for the  
24.11        taxable year. If the amount of the credit determined under this subdivision for any taxable  
24.12        year exceeds this limitation, the excess is a beginning farmer incentive credit carryover to  
24.13        each of the 15 succeeding taxable years. The entire amount of the excess unused credit for  
24.14        the taxable year is carried first to the earliest of the taxable years to which the credit may  
24.15        be carried and then to each successive year to which the credit may be carried. The amount  
24.16        of the unused credit which may be added under this paragraph must not exceed the taxpayer's  
24.17        liability for tax, less the beginning farmer incentive credit for the taxable year.

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

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

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

24.30        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
24.31        31, 2016.

25.1 Sec. 20. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
25.2 read:

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

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

25.8 (c) The credit is limited to the liability for tax, as computed under this chapter, for the  
25.9 taxable year. If the amount of the credit determined under this subdivision for any taxable  
25.10 year exceeds this limitation, the excess is a beginning farmer management credit carryover  
25.11 to each of the three succeeding taxable years. The entire amount of the excess unused credit  
25.12 for the taxable year is carried first to the earliest of the taxable years to which the credit  
25.13 may be carried and then to each successive year to which the credit may be carried. The  
25.14 amount of the unused credit which may be added under this paragraph must not exceed the  
25.15 taxpayer's liability for tax, less the beginning farmer management credit for the taxable  
25.16 year.

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

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

25.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
25.24 31, 2016.

25.25 Sec. 21. Minnesota Statutes 2016, section 290.067, subdivision 1, is amended to read:

25.26 Subdivision 1. Amount of credit. (a) A taxpayer may take as a credit against the tax  
25.27 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the  
25.28 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section  
25.29 21 of the Internal Revenue Code ~~subject to the limitations provided in subdivision 2~~ except  
25.30 that in determining whether the child qualified as a dependent, income received as a  
25.31 Minnesota family investment program grant or allowance to or on behalf of the child must  
25.32 not be taken into account in determining whether the child received more than half of the

26.1 child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal  
26.2 Revenue Code do not apply.

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

26.12 (c) If a married couple:

26.13 (1) has a child who has not attained the age of one year at the close of the taxable year;  
26.14 (2) files a joint tax return for the taxable year; and  
26.15 (3) does not participate in a dependent care assistance program as defined in section 129  
26.16 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for  
26.17 that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i)  
26.18 the combined earned income of the couple or (ii) the amount of the maximum limit for one  
26.19 qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed  
26.20 to be the employment related expense paid for that child. The earned income limitation of  
26.21 section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These  
26.22 deemed amounts apply regardless of whether any employment-related expenses have been  
26.23 paid.

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

26.26 (1) the name, address, and taxpayer identification number of the person are included on  
26.27 the return claiming the credit; or  
26.28 (2) if the person is an organization described in section 501(c)(3) of the Internal Revenue  
26.29 Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name  
26.30 and address of the person are included on the return claiming the credit.

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

27.1       (e) In the case of a nonresident, part-year resident, or a person who has earned income  
27.2       not subject to tax under this chapter including earned income excluded pursuant to section  
27.3       290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue  
27.4       Code must be allocated based on the ratio by which the earned income of the claimant and  
27.5       the claimant's spouse from Minnesota sources bears to the total earned income of the claimant  
27.6       and the claimant's spouse.

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

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

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

27.19       **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
27.20       31, 2016.

27.21       Sec. 22. Minnesota Statutes 2016, section 290.067, subdivision 2b, is amended to read:

27.22       Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of  
27.23       the income threshold at which the maximum credit begins to be reduced under subdivision  
27.24       2 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal  
27.25       Revenue Code, except that in section 1(f)(3)(B) the word "1999" "2016" shall be substituted  
27.26       for the word "1992." For 2001 2018, the commissioner shall then determine the percent  
27.27       change from the 12 months ending on August 31, 1999 2016, to the 12 months ending on  
27.28       August 31, 2000 2017, and in each subsequent year, from the 12 months ending on August  
27.29       31, 1999 2016, to the 12 months ending on August 31 of the year preceding the taxable  
27.30       year. The determination of the commissioner pursuant to this subdivision must not be  
27.31       considered a "rule" and is not subject to the Administrative Procedure Act contained in  
27.32       chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount.  
27.33       If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

28.1        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.2        31, 2016.

28.3        Sec. 23. Minnesota Statutes 2016, section 290.0671, subdivision 1, as amended by Laws  
28.4        2017, chapter 1, section 6, is amended to read:

28.5        Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
28.6        allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
28.7        income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
28.8        Internal Revenue Code.

28.9        (b) For individuals with no qualifying children, the credit equals 2.10 percent of the first  
28.10        \$6,180 of earned income. The credit is reduced by 2.01 percent of earned income or adjusted  
28.11        gross income, whichever is greater, in excess of \$8,130, but in no case is the credit less than  
28.12        zero.

28.13        (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
28.14        \$11,120 of earned income. The credit is reduced by 6.02 percent of earned income or adjusted  
28.15        gross income, whichever is greater, in excess of \$21,190, but in no case is the credit less  
28.16        than zero.

28.17        (d) For individuals with two or more qualifying children, the credit equals 11 percent  
28.18        of the first \$18,240 of earned income. The credit is reduced by 10.82 percent of earned  
28.19        income or adjusted gross income, whichever is greater, in excess of \$25,130, but in no case  
28.20        is the credit less than zero.

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

28.23        (f) For a person who was a resident for the entire tax year and has earned income not  
28.24        subject to tax under this chapter, including income excluded under section 290.0132,  
28.25        subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
28.26        income reduced by the earned income not subject to tax under this chapter over federal  
28.27        adjusted gross income. For purposes of this paragraph, the following clauses are not  
28.28        considered "earned income not subject to tax under this chapter":

28.29        (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;  
28.30        ~~are not considered "earned income not subject to tax under this chapter." For the purposes~~  
28.31        ~~of this paragraph;~~

28.32        (2) the exclusion of combat pay under section 112 of the Internal Revenue Code is not  
28.33        ~~considered "earned income not subject to tax under this chapter.";~~ and

29.1        (3) income derived from an Indian reservation by an enrolled member of the reservation  
29.2        while living on the reservation.

29.3        (g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the  
29.4        \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation  
29.5        under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.  
29.6        For tax years beginning after December 31, 2013, the commissioner shall annually adjust  
29.7        the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the  
29.8        Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted  
29.9        for the word "1992." For 2014, the commissioner shall then determine the percent change  
29.10        from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,  
29.11        2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the  
29.12        12 months ending on August 31 of the year preceding the taxable year. The earned income  
29.13        thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends  
29.14        in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner  
29.15        under this subdivision is not a rule under the Administrative Procedure Act.

29.16        (h) The commissioner shall construct tables showing the amount of the credit at various  
29.17        income levels and make them available to taxpayers. The tables shall follow the schedule  
29.18        contained in this subdivision, except that the commissioner may graduate the transition  
29.19        between income brackets.

29.20        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
29.21        31, 2016.

29.22        Sec. 24. Minnesota Statutes 2016, section 290.0674, subdivision 1, is amended to read:

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

29.27        (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision  
29.28        10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association,  
29.29        and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular  
29.30        school day or school year, including tutoring, driver's education offered as part of school  
29.31        curriculum, regardless of whether it is taken from a public or private entity or summer  
29.32        camps, in grade or age appropriate curricula that supplement curricula and instruction  
29.33        available during the regular school year, that assists a dependent to improve knowledge of  
29.34        core curriculum areas or to expand knowledge and skills under the required academic

30.1 standards under section 120B.021, subdivision 1, and the elective standard under section  
30.2 120B.022, subdivision 1, clause (2), and that do not include the teaching of religious tenets,  
30.3 doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

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

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

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

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

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

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

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

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

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

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

31.8        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
31.9        31, 2016.

31.10      Sec. 25. Minnesota Statutes 2016, section 290.0674, subdivision 2, is amended to read:

31.11      **Subd. 2. Limitations.** (a) For claimants with income not greater than \$33,500 \$42,000,  
31.12      the maximum credit allowed for a family is \$1,000 \$1,500 multiplied by the number of  
31.13      qualifying children in a prekindergarten educational program or in kindergarten through  
31.14      grade 12 in the family. The maximum credit ~~for families with one qualifying child in~~  
31.15      ~~kindergarten through grade 12~~ is reduced by \$1 for each \$4 \$10 of household income over  
31.16      ~~\$33,500, and the maximum credit for families with two or more qualifying children in~~  
31.17      ~~kindergarten through grade 12 is reduced by \$2 for each \$4 of household income over~~  
31.18      ~~\$33,500~~ \$42,000, but in no case is the credit less than zero.

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

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

31.25      **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
31.26      31, 2016.

31.27      Sec. 26. Minnesota Statutes 2016, section 290.0674, is amended by adding a subdivision  
31.28      to read:

31.29      **Subd. 6. Inflation adjustment.** The credit amount and the income threshold at which  
31.30      the maximum credit begins to be reduced in subdivision 2 must be adjusted for inflation.  
31.31      The commissioner shall adjust the credit amount and income threshold by the percentage  
31.32      determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except

32.1    that in section 1(f)(3)(B) the word "2017" shall be substituted for the word "1992." For  
32.2    2019, the commissioner shall then determine the percent change from the 12 months ending  
32.3    on August 31, 2017, to the 12 months ending on August 31, 2018, and in each subsequent  
32.4    year, from the 12 months ending August 31, 2017, to the 12 months ending on August 31  
32.5    of the year preceding the taxable year. The credit amount and income threshold as adjusted  
32.6    for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
32.7    is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
32.8    subdivision is not a rule subject to the Administrative Procedure Act in chapter 14, including  
32.9    section 14.386.

32.10    **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
32.11    31, 2018.

32.12    Sec. 27. Minnesota Statutes 2016, section 290.068, subdivision 1, is amended to read:

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

32.16    (a) ~~ten~~ 15 percent of the first \$2,000,000 of the excess (if any) of  
32.17    (1) the qualified research expenses for the taxable year, over  
32.18    (2) the base amount; and  
32.19    (b) ~~2.5~~ five percent on all of such excess expenses over \$2,000,000.

32.20    **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
32.21    31, 2016.

32.22    Sec. 28. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

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

32.25    (a) "Qualified research expenses" means (i) qualified research expenses and basic research  
32.26    payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does  
32.27    not include expenses incurred for qualified research or basic research conducted outside  
32.28    the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and  
32.29    (ii) contributions to a nonprofit corporation established and operated pursuant to the  
32.30    provisions of chapter 317A for the purpose of promoting the establishment and expansion  
32.31    of business in this state, provided the contributions are invested by the nonprofit corporation

33.1 for the purpose of providing funds for small, technologically innovative enterprises in  
33.2 Minnesota during the early stages of their development.

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

33.6 (c) "Base amount" means:

33.7 (1) for taxpayers not subject to clause (2), the base amount as defined in section 41(c)  
33.8 of the Internal Revenue Code, except that the average annual gross receipts must be calculated  
33.9 using Minnesota sales or receipts under section 290.191 and the definitions contained in  
33.10 ~~clauses~~ paragraphs (a) and (b) shall apply; or

33.11 (2) for a taxpayer with an alternative simplified credit election in place under subdivision  
33.12 2a for the taxable year, 50 percent of the average qualified research expenses for the three  
33.13 taxable years preceding the taxable year for which the credit is being determined. In no case  
33.14 shall the base amount be less than 50 percent of the qualified research expenses for the  
33.15 taxable year.

33.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.17 31, 2017.

33.18 Sec. 29. Minnesota Statutes 2016, section 290.068, is amended by adding a subdivision  
33.19 to read:

33.20 Subd. 2a. **Alternative simplified credit election.** (a) A taxpayer qualifying for a credit  
33.21 under this section may elect on an original return, including all extensions, to calculate its  
33.22 base amount under subdivision 2, paragraph (c), clause (2), for the taxable year. The taxpayer  
33.23 must make the election on or before the date the return is due under section 289A.18, with  
33.24 any extensions allowed under section 289A.19. An election to use the alternative simplified  
33.25 credit remains in effect for all subsequent years, unless revoked. The taxpayer may revoke  
33.26 the election by filing a notice on a form prescribed by the commissioner on or before the  
33.27 due date for the return affected by the revocation, with any extension allowed under section  
33.28 289A.19. A taxpayer may revoke the election without approval of the commissioner.

33.29 (b) For a partnership, the election must be made by the partnership on the partnership  
33.30 return or other form, as required by the commissioner, and applies to all of its partners.

33.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.32 31, 2017.

34.1 **Sec. 30. [290.0682] STUDENT LOAN CREDIT.**

34.2 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have  
34.3 the meanings given.

34.4 (b) "Adjusted gross income" means federal adjusted gross income as defined in section  
34.5 62 of the Internal Revenue Code.

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

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

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

34.13 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary  
34.14 institution eligible for state student aid under section 136A.103 or, if the institution is not  
34.15 located in this state, a public or nonprofit postsecondary institution participating in the  
34.16 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law  
34.17 89-329, as amended.

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

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

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

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

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

34.26 (3) the sum of:

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

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

34.30 (4) \$500.

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

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

35.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.5 31, 2016.

35.6 **Sec. 31. [290.0683] SECTION 529 COLLEGE SAVINGS PLAN CREDIT.**

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

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

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

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

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

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

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

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

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

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

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

36.12        Subd. 3. Allocation. For a part-year resident, the credit must be allocated based on the  
36.13        percentage calculated under section 290.06, subdivision 2c, paragraph (e).

36.14        Subd. 4. Revocation. If an individual makes a withdrawal of contributions for a purpose  
36.15        other than to pay for qualified higher education expenses, then:

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

36.18        (2) the amount of any credit allowed to any individual under this section in a prior tax  
36.19        year for such contributions must be paid by the individual who makes the withdrawal as  
36.20        additional income tax for the taxable year in which the individual makes the withdrawal.

36.21        **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
36.22        31, 2016.

36.23        Sec. 32. **[290.0684] CREDIT FOR ATTAINING MASTER'S DEGREE IN  
36.24        TEACHER'S LICENSURE FIELD.**

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

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

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

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

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

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

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

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

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

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

37.19       **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
37.20      31, 2016.

37.21       Sec. 33. Minnesota Statutes 2016, section 290.0692, is amended by adding a subdivision  
37.22      to read:

37.23       **Subd. 6. Sunset.** This section expires at the same time and on the same terms as section  
37.24      116J.8737, except that the expiration of this section does not affect the commissioner of  
37.25      revenue's authority to audit or power of examination and assessment for credits claimed  
37.26      under this section.

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

37.28       Sec. 34. **[290.0693] EQUITY AND OPPORTUNITY IN EDUCATION TAX CREDIT.**

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

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

38.1        (1) resides in Minnesota;

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

38.7        (3) meets one of the following criteria:

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

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

38.13        (iii) previously received a qualified scholarship or a qualified transportation scholarship  
38.14        under this section; or

38.15        (iv) lived in Minnesota for less than a year prior to initial receipt of a qualified scholarship  
38.16        or a qualified transportation scholarship.

38.17        (c) "Equity and opportunity in education donation" means a donation to a qualified  
38.18        foundation that awards qualified scholarships, awards qualified transportation scholarships,  
38.19        makes qualified grants, or is a qualified public school foundation.

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

38.22        (e) "National School Lunch Program" means the program in United States Code, title  
38.23        42, section 1758.

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

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

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

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

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

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

39.14       (l) "Qualified transportation scholarship" means a payment from a qualified foundation  
39.15       to or on behalf of a parent or guardian of an eligible student for payment of transportation  
39.16       to a school, as defined in section 120A.22, subdivision 4. A qualified transportation  
39.17       scholarship must not exceed an amount greater than 70 percent of the state average general  
39.18       education revenue under section 126C.10, subdivision 1, per pupil unit.

39.19       (m) "Total annual income" means the income measure used to determine eligibility  
39.20       under the National School Lunch Program.

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

39.29       (b) The maximum annual credit allowed is:

39.30       (1) \$21,000 for married joint filers for a one-year donation of \$30,000;

39.31       (2) \$10,500 for other individual filers for a one-year donation of \$15,000; and

39.32       (3) \$105,000 for corporate filers for a one-year donation of \$150,000.

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

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

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

40.12 Subd. 3. **Application for credit certificate.** (a) The commissioner must make applications  
40.13 for tax credits for 2018 available on the department's Web site by January 1, 2018.

40.14 Applications for subsequent years must be made available by January 1 of the taxable year.

40.15 (b) A taxpayer must apply to the commissioner for an equity and opportunity in education  
40.16 tax credit certificate. The application must be in the form and manner specified by the  
40.17 commissioner. The application must designate the qualified foundation to which the taxpayer  
40.18 intends to make a donation, and if the donation is for the purpose of awarding qualified  
40.19 scholarships, awarding qualified transportation scholarships, awarding qualified grants, or  
40.20 making expenditures in support of one or more public schools or school districts. The  
40.21 commissioner must begin accepting applications for a taxable year on January 1. The  
40.22 commissioner must issue tax credit certificates under this section on a first-come, first-served  
40.23 basis until the maximum statewide credit amounts have been reached. The certificates must  
40.24 list the qualified foundation, or the qualified public school foundation, the taxpayer designated  
40.25 on the application, and if the donation is to be used for awarding qualified scholarships,  
40.26 awarding qualified transportation scholarships, awarding qualified grants, or making  
40.27 expenditures in support of one or more public schools or school districts.

40.28 (c) The maximum statewide credit amount for tax credits for donations to qualified  
40.29 foundations for the purpose of awarding qualified scholarships and qualified transportation  
40.30 scholarships is \$33,000,000 per taxable year for taxable years beginning after December  
40.31 31, 2017.

40.32 (d) The maximum statewide credit amount for donations to qualified foundations for  
40.33 the purpose of awarding qualified grants and for donations to qualified public school

41.1 foundations is \$2,000,000 per taxable year for taxable years beginning after December 31,  
41.2 2017.

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

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

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

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

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

41.17 (2) demonstrate the entity's financial accountability by submitting its most recent audited  
41.18 financial statement prepared by a certified public accountant firm licensed under chapter  
41.19 326A using the Statements on Auditing Standards issued by the Audit Standards Board of  
41.20 the American Institute of Certified Public Accountants; and

41.21 (3) specify if the entity intends to award qualified scholarships, award qualified  
41.22 transportation scholarships, award qualified grants, or if the entity is a qualified public  
41.23 school foundation. An entity may award any combination of qualified scholarships, qualified  
41.24 transportation scholarships, and qualified grants.

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

41.27 (c) A qualified foundation that awards qualified scholarships or qualified transportation  
41.28 scholarships must:

41.29 (1) award qualified scholarships or qualified transportation scholarships to eligible  
41.30 students;

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

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

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

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

42.7        (i) complies with all health and safety laws or codes that apply to nonpublic schools;  
42.8        (ii) holds a valid occupancy permit if required by its municipality;  
42.9        (iii) certifies that it adheres to the provisions of chapter 363A and United States Code,  
42.10        title 42, section 1981; and  
42.11        (iv) provides academic accountability to parents of students in the program by regularly  
42.12        reporting to the parents on the student's progress.

42.13        A qualified foundation must make the documentation available to the commissioner on  
42.14        request.

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

42.17        (1) financial information that demonstrates the financial viability of the qualified  
42.18        foundation, if it is to receive donations of \$150,000 or more during the year;  
42.19        (2) documentation that it has conducted criminal background checks on all of its  
42.20        employees and board members and has excluded from employment or governance any  
42.21        individuals who might reasonably pose a risk to the appropriate use of contributed funds;  
42.22        (3) consistent with paragraph (f), document that it has used amounts received as donations  
42.23        to provide qualified scholarships, to provide qualified transportation scholarships, to make  
42.24        qualified grants, or to make expenditures in support of one or more public schools or school  
42.25        districts, as specified on the tax credit certificates issued for the donations, within one  
42.26        calendar year of the calendar year in which it received the donation;

42.27        (4) if the qualified foundation awards qualified scholarships or qualified transportation  
42.28        scholarships, a list of qualified schools that enrolled eligible students to whom the qualified  
42.29        foundation awarded qualified scholarships or qualified transportation scholarships;

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

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

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

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

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

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

43.11        (iv) if the qualified foundation awarded qualified transportation scholarships, the total  
43.12        number and dollar amount of qualified transportation scholarships awarded;

43.13        (v) if the qualified foundation made qualified grants, the total number and dollar amount  
43.14        of qualified grants made; and

43.15        (vi) if the qualified foundation is a qualified public school foundation, the total number  
43.16        and dollar amount of expenditures made in support of the mission of one or more public  
43.17        schools or school districts of educating students in academics, arts, or athletics, including  
43.18        transportation.

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

43.22        **Subd. 5. Responsibilities of commissioner.** (a) The commissioner must make  
43.23        applications for an entity to be approved as a qualified foundation for a taxable year available  
43.24        on the department's Web site by August 1 of the year preceding the taxable year. The  
43.25        commissioner must approve an application that provides the documentation required in  
43.26        subdivision 4, paragraph (a), within 60 days of receiving the application. The commissioner  
43.27        must notify a foundation that provides incomplete documentation and the foundation may  
43.28        resubmit its application within 30 days.

43.29        (b) By November 15 of each year, the commissioner must post on the department's Web  
43.30        site the names and addresses of qualified foundations for the next taxable year. For each  
43.31        qualified foundation, the list must indicate if the foundation intends to award qualified  
43.32        scholarships, award qualified transportation scholarships, award qualified grants, or is a  
43.33        qualified public school foundation. The commissioner must regularly update the names and

44.1 addresses of any qualified foundations that have been barred from participating in the  
44.2 program.

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

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

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

44.12 (f) If a qualified foundation fails to submit the documentation required under subdivision  
44.13 4, paragraph (e), by June 1, the commissioner must notify the qualified foundation by July  
44.14 1. A qualified foundation that fails to submit the required information by August 1 is barred  
44.15 from participation for the next taxable year.

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

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

44.23 (i) Determinations of the commissioner under this subdivision are not considered rules  
44.24 and are not subject to the Administrative Procedures Act in chapter 14, including section  
44.25 14.386.

44.26 Subd. 6. **Special education services.** A student's receipt of a qualified scholarship under  
44.27 this section does not affect the student's eligibility for instruction and service under section  
44.28 125A.18 or otherwise affect the student's status under federal special education laws.

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

44.31 Sec. 35. Minnesota Statutes 2016, section 290.081, is amended to read:

44.32 **290.081 INCOME OF NONRESIDENTS, RECIPROCITY.**

45.1       (a) The compensation received for the performance of personal or professional services  
45.2       within this state by an individual whose residence, place of abode, and place customarily  
45.3       returned to at least once a month is in another state, shall be excluded from gross income  
45.4       to the extent such compensation is subject to an income tax imposed by the state of residence;  
45.5       provided that such state allows a similar exclusion of compensation received by residents  
45.6       of Minnesota for services performed therein.

45.7       (b) When it is deemed to be in the best interests of the people of this state, the  
45.8       commissioner may determine that the provisions of paragraph (a) shall not apply. As long  
45.9       as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions  
45.10       of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

45.11       (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents  
45.12       which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax  
45.13       on Wisconsin residents which would have been paid Minnesota without paragraph (a), or  
45.14       vice versa, then the state with the net revenue loss ~~resulting from~~ calculated under paragraph  
45.15       ~~(a)~~(e) shall receive from the other state the amount of such loss. ~~This provision shall be~~  
45.16       ~~effective for all years beginning after December 31, 1972. The data used for computing the~~  
45.17       ~~loss to either state shall be determined on or before September 30 of the year following the~~  
45.18       ~~close of the previous calendar year.~~

45.19       ~~(d)(1) Interest is payable on all amounts calculated under paragraph (c) relating to taxable~~  
45.20       ~~years beginning after December 31, 2000. Interest accrues from July 1 of the taxable year.~~  
45.21       ~~Payments for amounts calculated under paragraph (c) must equal one-quarter of the estimated~~  
45.22       ~~annual amount and must be paid at the midpoint of each quarter, on February 15, May 15,~~  
45.23       ~~August 15, and November 15.~~

45.24       ~~(2)(e)(1) The commissioner of revenue is authorized to enter into agreements with the~~  
45.25       ~~state of Wisconsin specifying the reciprocity payment due dates, conditions constituting~~  
45.26       ~~delinquency, interest rates, and a method for computing interest due.~~

45.27       ~~(3)(2) For agreements entered into before October 1, 2014 August 1, 2018, the annual~~  
45.28       ~~compensation required under paragraph (c) must equal at least the net revenue loss minus~~  
45.29       ~~\$1,000,000 up to \$3,000,000 per fiscal year.~~

45.30       ~~(4) For agreements entered into after September 30, 2014, the annual compensation~~  
45.31       ~~required under paragraph (e) must equal the net revenue loss per fiscal year.~~

45.32       ~~(5)(3) For the purposes of clauses (3) and (4) this section, "net revenue loss" means the~~  
45.33       ~~difference between the amount of Minnesota income taxes Minnesota forgoes by not taxing~~  
45.34       ~~Wisconsin residents on income subject to reciprocity and the credit Minnesota would have~~

46.1    been required to give under section 290.06, subdivision 22, to Minnesota residents working  
46.2    in Wisconsin had there not been reciprocity.

46.3    (4) All agreements must include provisions:

46.4    (i) providing for a suspension of the agreement if one party to the agreement does not  
46.5    pay in full by a time prescribed in the agreement;

46.6    (ii) setting the interest rate that will be applied, and that interest shall run from the date  
46.7    the payment is due until the day the payment is made, except that interest from the  
46.8    reconciliation payments runs from July 1 of the tax year until paid;

46.9    (iii) stating a time for annual reconciliation must be completed by October 31 of the  
46.10    year following the tax year, and the time for payment of any amounts to be completed by  
46.11    no later than December 1 of the year following the tax year;

46.12    (iv) requiring the parties to jointly conduct updated benchmark studies every five years  
46.13    beginning tax year 2018;

46.14    (v) requiring each party to the agreement to require taxpayers who request exemption  
46.15    from withholding in the state where they work to make an annual application and that a list  
46.16    of participants will be exchanged annually; and

46.17    (vi) the sum of the amount of the quarterly payments must be a reasonable estimate of  
46.18    the revenue loss as defined in item (iii).

46.19    ~~(e)~~ (f) If an agreement cannot be reached as to the amount of the loss, the commissioner  
46.20    of revenue and the taxing official of the state of Wisconsin shall each appoint a member of  
46.21    a board of arbitration and these members shall appoint the third member of the board. The  
46.22    board shall select one of its members as chair. Such board may administer oaths, take  
46.23    testimony, subpoena witnesses, and require their attendance, require the production of books,  
46.24    papers and documents, and hold hearings at such places as are deemed necessary. The board  
46.25    shall then make a determination as to the amount to be paid the other state which  
46.26    determination shall be final and conclusive.

46.27    ~~(f)~~ (g) The commissioner may furnish copies of returns, reports, or other information to  
46.28    the taxing official of the state of Wisconsin, a member of the board of arbitration, or a  
46.29    consultant under joint contract with the states of Minnesota and Wisconsin for the purpose  
46.30    of making a determination as to the amount to be paid the other state under the provisions  
46.31    of this section. Prior to the release of any information under the provisions of this section,  
46.32    the person to whom the information is to be released shall sign an agreement which provides

47.1 that the person will protect the confidentiality of the returns and information revealed thereby  
47.2 to the extent that it is protected under the laws of the state of Minnesota.

47.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
47.4 31, 2017.

47.5 Sec. 36. Minnesota Statutes 2016, section 290.091, subdivision 2, is amended to read:

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

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

47.10 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
47.11 55(b)(2) of the Internal Revenue Code;

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

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

47.15 (ii) the medical expense deduction;

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

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

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

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

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

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

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

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

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

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

48.8       (4) amounts subtracted from federal taxable income as provided by section 290.0132,  
48.9       subdivisions 7, 9 to 15, 17, and 21, 24 to 26; and

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

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

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

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

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

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

48.22       **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.23       31, 2016.

48.24       Sec. 37. Minnesota Statutes 2016, section 291.005, subdivision 1, as amended by Laws  
48.25       2017, chapter 1, section 8, is amended to read:

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

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

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

49.1 increased by the value of any property in which the decedent had a qualifying income interest  
49.2 for life and for which an election was made under section 291.03, subdivision 1d, for  
49.3 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

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

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

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

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

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

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

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

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

49.28 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
49.29 Code, owned by a nonresident decedent and that is normally kept or located in this state  
49.30 because it is on loan to an organization, qualifying as exempt from taxation under section  
49.31 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
49.32 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

50.4 For a nonresident decedent with an ownership interest in a pass-through entity with  
50.5 assets that include real or tangible personal property, situs of the real or tangible personal  
50.6 property, including qualified works of art, is determined as if the pass-through entity does  
50.7 not exist and the real or tangible personal property is personally owned by the decedent. If  
50.8 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
50.9 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
50.10 share of the pass-through entity.

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

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

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

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

50.18 (iv) a trust to the extent the property is includable in the decedent's federal gross estate;  
50.19 but excludes

50.20 (v) an entity whose ownership interest securities are traded on an exchange regulated  
50.21 by the Securities and Exchange Commission as a national securities exchange under section  
50.22 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

50.25 Sec. 38. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

50.26 Subd. 3. **Subtraction.** The ~~value of qualified small business property under section~~  
50.27 ~~291.03, subdivision 9, and the value of qualified farm property under section 291.03,~~  
50.28 ~~subdivision 10, or the result of \$5,000,000 minus the amount for the year of death listed in~~  
50.29 ~~clauses (1) to (5), whichever is less, decedent's applicable federal exclusion amount under~~  
50.30 ~~section 2010(c)(2) of the Internal Revenue Code~~ may be subtracted in computing the  
50.31 Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero.

50.32 ~~(1) \$1,200,000 for estates of decedents dying in 2014;~~

51.1 (2) \$1,400,000 for estates of decedents dying in 2015;

51.2 (3) \$1,600,000 for estates of decedents dying in 2016;

51.3 (4) \$1,800,000 for estates of decedents dying in 2017; and

51.4 (5) \$2,000,000 for estates of decedents dying in 2018 and thereafter.

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

51.7 Sec. 39. Minnesota Statutes 2016, section 291.03, subdivision 1, is amended to read:

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

51.14 (a) For estates of decedents dying in 2014:

Amount of Minnesota Taxable Estate	Rate of Tax
Not over \$1,200,000	None
Over \$1,200,000 but not over \$1,400,000	nine percent of the excess over \$1,200,000
Over \$1,400,000 but not over \$3,600,000	\$18,000 plus ten percent of the excess over \$1,400,000
Over \$3,600,000 but not over \$4,100,000	\$238,000 plus 10.4 percent of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$290,000 plus 11.2 percent of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$402,000 plus 12 percent of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$522,000 plus 12.8 percent of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$650,000 plus 13.6 percent of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$786,000 plus 14.4 percent of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$930,000 plus 15.2 percent of the excess over \$9,100,000
Over \$10,100,000	\$1,082,000 plus 16 percent of the excess over \$10,100,000

51.36 (b) For estates of decedents dying in 2015:

Amount of Minnesota Taxable Estate	Rate of Tax
Not over \$1,400,000	None
Over \$1,400,000 but not over \$3,600,000	ten percent of the excess over \$1,400,000

52.1	<del>Over \$3,600,000 but not over \$6,100,000</del>	<del>\$220,000 plus 12 percent of the excess over \$3,600,000</del>
52.2		
52.3	<del>Over \$6,100,000 but not over \$7,100,000</del>	<del>\$520,000 plus 12.8 percent of the excess over \$6,100,000</del>
52.4		
52.5	<del>Over \$7,100,000 but not over \$8,100,000</del>	<del>\$648,000 plus 13.6 percent of the excess over \$7,100,000</del>
52.6		
52.7	<del>Over \$8,100,000 but not over \$9,100,000</del>	<del>\$784,000 plus 14.4 percent of the excess over \$8,100,000</del>
52.8		
52.9	<del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$928,000 plus 15.2 percent of the excess over \$9,100,000</del>
52.10		
52.11	<del>Over \$10,100,000</del>	<del>\$1,080,000 plus 16 percent of the excess over \$10,100,000</del>
52.12		

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

	<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
52.14		
52.15	<del>Not over \$1,600,000</del>	<del>None</del>
52.16	<del>Over \$1,600,000 but not over \$2,600,000</del>	<del>ten percent of the excess over \$1,600,000</del>
52.17	<del>Over \$2,600,000 but not over \$6,100,000</del>	<del>\$100,000 plus 12 percent of the excess over \$2,600,000</del>
52.18		
52.19	<del>Over \$6,100,000 but not over \$7,100,000</del>	<del>\$520,000 plus 12.8 percent of the excess over \$6,100,000</del>
52.20		
52.21	<del>Over \$7,100,000 but not over \$8,100,000</del>	<del>\$648,000 plus 13.6 percent of the excess over \$7,100,000</del>
52.22		
52.23	<del>Over \$8,100,000 but not over \$9,100,000</del>	<del>\$784,000 plus 14.4 percent of the excess over \$8,100,000</del>
52.24		
52.25	<del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$928,000 plus 15.2 percent of the excess over \$9,100,000</del>
52.26		
52.27	<del>Over \$10,100,000</del>	<del>\$1,080,000 plus 16 percent of the excess over \$10,100,000</del>
52.28		

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

	<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
52.30		
52.31	<del>Not over \$1,800,000</del>	<del>None</del>
52.32	<del>Over \$1,800,000 but not over \$2,100,000</del>	<del>ten percent of the excess over \$1,800,000</del>
52.33	<del>Over \$2,100,000 but not over \$5,100,000</del>	<del>\$30,000 plus 12 percent of the excess over \$2,100,000</del>
52.34		
52.35	<del>Over \$5,100,000 but not over \$7,100,000</del>	<del>\$390,000 plus 12.8 percent of the excess over \$5,100,000</del>
52.36		
52.37	<del>Over \$7,100,000 but not over \$8,100,000</del>	<del>\$646,000 plus 13.6 percent of the excess over \$7,100,000</del>
52.38		
52.39	<del>Over \$8,100,000 but not over \$9,100,000</del>	<del>\$782,000 plus 14.4 percent of the excess over \$8,100,000</del>
52.40		
52.41	<del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$926,000 plus 15.2 percent of the excess over \$9,100,000</del>
52.42		
52.43	<del>Over \$10,100,000</del>	<del>\$1,078,000 plus 16 percent of the excess over \$10,100,000</del>
52.44		

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

	<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
52.46		
52.47	<del>Not over \$2,000,000</del> <u>\$7,100,000</u>	<del>None</del> <u>13 percent</u>

53.1	<del>Over \$2,000,000 but not over \$2,600,000</del>	<del>ten percent of the excess over \$2,000,000</del>
53.2	<del>Over \$2,600,000 but not over \$7,100,000</del>	<del>\$60,000 plus 13 percent of the excess over \$2,600,000</del>
53.3		
53.4	Over \$7,100,000 but not over \$8,100,000	<del>\$645,000</del> <u>\$923,000</u> plus 13.6 percent of the excess over \$7,100,000
53.5		
53.6	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 excess over \$8,100,000
53.7		
53.8	Over \$9,100,000 but not over \$10,100,000	<del>\$925,000</del> <u>\$1,203,000</u> plus 15.2 percent of the excess over \$9,100,000
53.9		
53.10	Over \$10,100,000	<del>\$1,077,000</del> <u>\$1,355,000</u> plus 16 percent of the excess over \$10,100,000
53.11		

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

53.14 Sec. 40. **[462D.01] CITATION.**

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

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

53.17 Sec. 41. **[462D.02] DEFINITIONS.**

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

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

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

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

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

53.31 Subd. 6. **Financial institution.** "Financial institution" means a bank, bank and trust,  
 53.32 trust company with banking powers, savings bank, savings association, or credit union,  
 53.33 organized under the laws of this state, any other state, or the United States; an industrial  
 53.34 loan and thrift under chapter 53 or the laws of another state and authorized to accept deposits;

54.1 or a money market mutual fund registered under the federal Investment Company Act of  
54.2 1940 and regulated under rule 2a-7, promulgated by the Securities and Exchange Commission  
54.3 under that act.

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

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

54.9 (2) the close of the taxable year for which a subtraction is claimed under sections  
54.10 290.0132 and 462D.06.

54.11 **Subd. 8. First-time home buyer savings account.** "First-time home buyer savings  
54.12 account" or "account" means an account with a financial institution that an account holder  
54.13 designates as a first-time home buyer savings account, as provided in section 462D.03, to  
54.14 pay or reimburse eligible costs for the purchase of a single-family residence by a qualified  
54.15 beneficiary.

54.16 **Subd. 9. Internal Revenue Code.** "Internal Revenue Code" has the meaning given in  
54.17 section 290.01.

54.18 **Subd. 10. Principal residence.** "Principal residence" has the meaning given in section  
54.19 121 of the Internal Revenue Code.

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

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

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

54.28 **Sec. 42. [462D.03] ESTABLISHMENT OF ACCOUNTS.**

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

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

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

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

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

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

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

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

55.27        **Sec. 43. [462D.04] ACCOUNT HOLDER RESPONSIBILITIES.**

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

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

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

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

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

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

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

56.11        **Sec. 44. [462D.05] FINANCIAL INSTITUTIONS.**

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

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

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

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

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

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

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

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

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

56.27        **Sec. 45. [462D.06] SUBTRACTION; ADDITION; ADDITIONAL TAX.**

56.28        **Subdivision 1. Subtraction.** (a) As provided in section 290.0132, subdivision 24, an  
56.29        account holder is allowed a subtraction from federal taxable income equal to the sum of:

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

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

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

57.12       (c) The subtraction under paragraph (a) is not allowed if the account holder withdraws  
57.13       amounts from the account within six months of designating the account as a first-time home  
57.14       buyer savings account.

57.15       Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account  
57.16       holder must add to federal taxable income the sum of the following amounts:

57.17       (1) any amount withdrawn from a first-time home buyer savings account during the  
57.18       taxable year that is withdrawn more than six months after the account is designated as a  
57.19       first-time home buyer savings account and is used neither to pay eligible costs nor for a  
57.20       transfer permitted under section 462D.04, subdivision 2; and

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

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

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

57.29       (1) a withdrawal because of the account holder's or designated qualified beneficiary's  
57.30       death or disability;

57.31       (2) a disbursement of assets of the account under federal bankruptcy law; and

57.32       (3) a disbursement of assets of the account under chapter 550 or 551.

58.1       **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
58.2       31, 2016.

58.3       Sec. 46. Laws 2010, chapter 216, section 12, the effective date, as amended by Laws 2016,  
58.4       chapter 158, article 1, section 212, is amended to read:

58.5       **EFFECTIVE DATE.** This section is effective for investments made after July 1, 2010,  
58.6       for taxable years beginning after December 31, 2009, ~~and before January 1, 2017~~, and only  
58.7       applies to investments made after the qualified small business receiving the investment has  
58.8       been certified by the commissioner of employment and economic development.

58.9       **EFFECTIVE DATE; REVIVAL AND REENACTMENT.** This section is effective  
58.10       retroactively from January 1, 2015, and Laws 2010, chapter 216, section 12, as amended  
58.11       by Laws 2016, chapter 158, article 1, section 212, is revived and reenacted as of that date.

58.12       Sec. 47. **INCOME TAX RECIPROCITY BENCHMARK STUDY;**  
58.13       **APPROPRIATION.**

58.14       Subdivision 1. **Study.** (a) The Department of Revenue, in conjunction with the Wisconsin  
58.15       Department of Revenue, must, provided the conditions of paragraph (d) are satisfied, conduct  
58.16       a study to determine at least the following:

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

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

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

58.24       (b) The study must use information obtained from each state's income tax returns for  
58.25       tax year 2017 and from any other source of information the departments determine is  
58.26       necessary to complete the study.

58.27       (c) No later than March 1, 2019, the Department of Revenue must submit a report  
58.28       containing the results of the study to the governor and to the chairs and ranking minority  
58.29       members of the legislative committees having jurisdiction over taxes, in compliance with  
58.30       Minnesota Statutes, sections 3.195 and 3.197.

59.1        (d) The department shall conduct the study only if the commissioner of revenue receives  
59.2        notice from the secretary of revenue that the Wisconsin Department of Revenue will fully  
59.3        participate in the study.

59.4        **Subd. 2. Appropriation.** \$300,000 in fiscal year 2018 is appropriated from the general  
59.5        fund to the commissioner of revenue for the income tax reciprocity benchmark study in  
59.6        subdivision 1. This is a onetime appropriation and is not added to the agency's base budget.

59.7        **EFFECTIVE DATE.** This section is effective the day following final enactment. The  
59.8        appropriation in subdivision 2 is only effective if the commissioner of revenue receives  
59.9        notice as provided in subdivision 1, paragraph (d).

59.10        **Sec. 48. RECAPTURE TAX EXEMPTIONS.**

59.11        The tax under Minnesota Statutes, section 291.03, subdivision 11, does not apply as a  
59.12        result of any of the following:

59.13        (1) acquisition of title or possession of the qualified property by a federal, state, or local  
59.14        government unit, or any other entity with the power of eminent domain for a public purpose,  
59.15        as defined in Minnesota Statutes, section 117.025, subdivision 11;

59.16        (2) a portion of qualified farm property consisting of less than one-fifth of the acreage  
59.17        of the property is reclassified as class 2b property under Minnesota Statutes, section 273.13,  
59.18        subdivision 23, and the qualified heir has not substantially altered the reclassified property  
59.19        within the three-year holding period; or

59.20        (3) a portion of qualified farm property classified as 2a property at the death of the  
59.21        decedent under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), consisting  
59.22        of a residence, garage, and immediately surrounding one acre of land is reclassified as 4bb  
59.23        property and the qualified heir has not substantially altered the property within the three-year  
59.24        holding period.

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

59.27        **Sec. 49. ESTATE TAX; 2017 DEATHS; CONSTRUCTION OF CERTAIN TERMS.**

59.28        (a) The provisions of this section apply to a decedent who dies after December 31, 2016,  
59.29        and before enactment of the increase in the amount of the exclusion from Minnesota estate  
59.30        taxation in section 38 with respect to a governing instrument or disclaimer instrument that:

59.31        (1) became irrevocable in 2017; and

60.1        (2) contains a formula or provision that allocates assets of the estate or trust between  
60.2        two or more different beneficiaries or classes of beneficiaries (or trusts for the primary  
60.3        benefit of two or more different beneficiaries or classes of beneficiaries) by reference to  
60.4        state estate taxes, including without limitation provisions referring to the state "estate tax  
60.5        exemption," "applicable exemption amount," "applicable credit amount," "applicable  
60.6        exclusion amount," "marital deduction," "maximum marital deduction," or "unlimited marital  
60.7        deduction."

60.8        References to state estate tax in an instrument to which this paragraph applies are deemed  
60.9        to refer to the estate tax laws in effect on December 31, 2016, as those laws would have  
60.10        applied to estates of decedents dying in 2017, including any inflation adjustments and  
60.11        statutory increases that were scheduled to take effect on January 1, 2017, but not including  
60.12        any subsequent statutory changes that apply retroactively to estates of decedents dying after  
60.13        December 31, 2016.

60.14        (b) Paragraph (a) does not apply to:

60.15        (1) an instrument that manifests an intent that formulas or provisions of the type described  
60.16        in paragraph (a), clause (2), must be construed to reference the estate tax laws as they existed  
60.17        after December 31, 2016;

60.18        (2) an instrument that allocates assets of the estate or trust by formula between two or  
60.19        more trusts for the primary benefit of the same beneficiary or class of beneficiaries, even  
60.20        if there are other permissible beneficiaries of one trust and not the other. For example,  
60.21        paragraph (a) is not intended to apply to a gift in the decedent's will that allocates an amount  
60.22        equal to the state estate tax exemption to a trust for the primary benefit of the decedent's  
60.23        surviving spouse, even if that trust also includes the decedent's children as eligible  
60.24        beneficiaries, and the balance to the decedent's surviving spouse, or to a separate trust for  
60.25        the sole benefit of the decedent's surviving spouse, because the assets of the estate or trust  
60.26        are not allocated between two or more different beneficiaries or classes of beneficiaries or  
60.27        between trusts for the primary benefit of two or more different beneficiaries or classes of  
60.28        beneficiaries;

60.29        (3) an instrument that divides the assets of the estate or trust by reference to federal  
60.30        exemption amounts, and not state estate tax exemption amounts, including the federal estate  
60.31        tax exemption as well as the federal generation-skipping transfer tax exemption;

60.32        (4) any provision in an irrevocable trust that grants to a deceased beneficiary a general  
60.33        power of appointment over a portion of the trust assets that is to be determined by reference  
60.34        to the largest amount that can be included in the beneficiary's estate for estate tax purposes

61.1 without increasing the amount of federal or state estate taxes payable in the deceased  
61.2 beneficiary's estate; or

61.3 (5) any discretionary decision by a trustee or other person to grant or expand the scope  
61.4 of a power of appointment for the purpose of causing a portion of the trust to be included  
61.5 in the beneficiary's estate for estate tax purposes without increasing the amount of federal  
61.6 or state estate taxes payable in the deceased beneficiary's estate.

61.7 (c) The personal representative, trustee, or any interested person under an instrument,  
61.8 other than a disclaimer instrument, to which paragraph (a) applies may bring a proceeding  
61.9 to determine whether, based on a preponderance of the evidence, the decedent intended that  
61.10 a formula or provision described in paragraph (a) be construed with respect to the law as it  
61.11 existed after December 31, 2016. This proceeding must be commenced by December 31,  
61.12 2018, and the court may consider extrinsic evidence that contradicts the plain meaning of  
61.13 the instrument. The court may modify a provision of an instrument that refers to the estate  
61.14 tax laws as described in paragraph (a) to conform the terms to the decedent's intention or  
61.15 achieve the decedent's tax objectives in a manner that is not contrary to the decedent's  
61.16 probable intention. The court may provide that its decision, including any decision to modify  
61.17 a provision of an instrument, is effective as of the date of the decedent's death.

61.18 (d) The personal representative, trustee, or disclaimant under a disclaimer instrument to  
61.19 which paragraph (a) applies may bring a proceeding to construe the disclaimant's intent,  
61.20 based on a preponderance of the evidence, including extrinsic evidence. The court may  
61.21 provide that its construction, including any decision to modify a provision of an instrument,  
61.22 is effective as of the date of the decedent's death.

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

61.24 Sec. 50. **REPEALER.**

61.25 (a) Minnesota Statutes 2016, sections 136A.129; and 290.06, subdivision 36, are repealed.

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

61.27 (c) Minnesota Statutes 2016, sections 289A.10, subdivision 1a; 289A.12, subdivision  
61.28 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; and 291.03, subdivisions 8, 9, 10,  
61.29 and 11, are repealed.

61.30 **EFFECTIVE DATE.** Paragraph (a) is effective for agreements entered into after June  
61.31 30, 2017, and for taxable years beginning after December 31, 2017. Paragraph (b) is effective  
61.32 for taxable years beginning after December 31, 2016. Paragraph (c) is effective retroactively  
61.33 for estates of decedents dying after December 31, 2016.

**ARTICLE 2****PROPERTY TAX**

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

**Subd. 2. Allowed commercial and industrial operations.** (a) Commercial and industrial

operations are not allowed on land within an agricultural preserve except:

(1) small on-farm commercial or industrial operations normally associated with and

important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the

agricultural preserve; and

(3) small commercial use of existing farm buildings for trades not disruptive to the

integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,

and similar activities that a farm operator might conduct; and

(4) wireless communication installations and related equipment and structure capable

of providing technology potentially beneficial to farming activities. A property owner who

installs wireless communication equipment does not violate a covenant made prior to January

1, 2018, under section 40A.10, subdivision 1.

(b) For purposes of paragraph (a), clauses (2) and (3), "existing" in clauses (2) and (3)

means existing on August 1, 1989.

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

Sec. 2. Minnesota Statutes 2016, section 126C.17, subdivision 9, is amended to read:

**Subd. 9. Referendum revenue.** (a) The revenue authorized by section 126C.10,

subdivision 1, may be increased in the amount approved by the voters of the district at a

referendum called for the purpose. The referendum may be called by the board. The

referendum must be conducted one or two calendar years before the increased levy authority,

if approved, first becomes payable. Only one election to approve an increase may be held

in a calendar year. Unless the referendum is conducted by mail under subdivision 11,

paragraph (a), the referendum must be held on the first Tuesday after the first Monday in

November. The ballot must state the maximum amount of the increased revenue per adjusted

pupil unit. The ballot may state a schedule, determined by the board, of increased revenue

per adjusted pupil unit that differs from year to year over the number of years for which the

increased revenue is authorized or may state that the amount shall increase annually by the

rate of inflation. The ballot must state the cumulative amount per pupil of any local optional

63.1 revenue, board-approved referendum authority, and previous voter-approved referendum  
63.2 authority, if any, that the board expects to certify for the next school year. For this purpose,  
63.3 the rate of inflation shall be the annual inflationary increase calculated under subdivision  
63.4 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring.  
63.5 In this case, the ballot may also compare the proposed levy authority to the existing expiring  
63.6 levy authority, and express the proposed increase as the amount, if any, over the expiring  
63.7 referendum levy authority. The ballot must designate the specific number of years, not to  
63.8 exceed ten, for which the referendum authorization applies. The ballot, including a ballot  
63.9 on the question to revoke or reduce the increased revenue amount under paragraph (c), must  
63.10 abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section  
63.11 275.60 may be modified to read, in cases of renewing existing levies at the same amount  
63.12 per pupil as in the previous year:

63.13 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO  
63.14 EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED  
63.15 TO EXPIRE."

63.16 The ballot may contain a textual portion with the information required in this subdivision  
63.17 and a question stating substantially the following:

63.18 "Shall the increase in the revenue proposed by (petition to) the board of ...., School  
63.19 District No. .., be approved?"

63.20 If approved, an amount equal to the approved revenue per adjusted pupil unit times the  
63.21 adjusted pupil units for the school year beginning in the year after the levy is certified shall  
63.22 be authorized for certification for the number of years approved, if applicable, or until  
63.23 revoked or reduced by the voters of the district at a subsequent referendum.

63.24 (b) The board must prepare and deliver by first class mail at least 15 days but no more  
63.25 than 30 days before the day of the referendum to each taxpayer a notice of the referendum  
63.26 and the proposed revenue increase. The board need not mail more than one notice to any  
63.27 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be  
63.28 those shown to be owners on the records of the county auditor or, in any county where tax  
63.29 statements are mailed by the county treasurer, on the records of the county treasurer. Every  
63.30 property owner whose name does not appear on the records of the county auditor or the  
63.31 county treasurer is deemed to have waived this mailed notice unless the owner has requested  
63.32 in writing that the county auditor or county treasurer, as the case may be, include the name  
63.33 on the records for this purpose. The notice must project the anticipated amount of tax increase

64.1 in annual dollars for typical residential homesteads, agricultural homesteads, apartments,  
64.2 and commercial-industrial property within the school district.

64.3 The notice must state the cumulative and individual amounts per pupil of any local  
64.4 optional revenue, board-approved referendum authority, and voter-approved referendum  
64.5 authority, if any, that the board expects to certify for the next school year.

64.6 The notice for a referendum may state that an existing referendum levy is expiring and  
64.7 project the anticipated amount of increase over the existing referendum levy in the first  
64.8 year, if any, in annual dollars for typical residential homesteads, agricultural homesteads,  
64.9 apartments, and commercial-industrial property within the district.

64.10 The notice must include the following statement: "Passage of this referendum will result  
64.11 in an increase in your property taxes." However, in cases of renewing existing levies, the  
64.12 notice may include the following statement: "Passage of this referendum extends an existing  
64.13 operating referendum at the same amount per pupil as in the previous year."

64.14 (c) A referendum on the question of revoking or reducing the increased revenue amount  
64.15 authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke  
64.16 or reduce the revenue amount must state the amount per adjusted pupil unit by which the  
64.17 authority is to be reduced. Revenue authority approved by the voters of the district pursuant  
64.18 to paragraph (a) must be available to the school district at least once before it is subject to  
64.19 a referendum on its revocation or reduction for subsequent years. Only one revocation or  
64.20 reduction referendum may be held to revoke or reduce referendum revenue for any specific  
64.21 year and for years thereafter.

64.22 (d) The approval of 50 percent plus one of those voting on the question is required to  
64.23 pass a referendum authorized by this subdivision.

64.24 (e) At least 15 days before the day of the referendum, the district must submit a copy of  
64.25 the notice required under paragraph (b) to the commissioner and to the county auditor of  
64.26 each county in which the district is located. Within 15 days after the results of the referendum  
64.27 have been certified by the board, or in the case of a recount, the certification of the results  
64.28 of the recount by the canvassing board, the district must notify the commissioner of the  
64.29 results of the referendum.

64.30 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
64.31 referendum authorized on or after that date.

64.32 Sec. 3. Minnesota Statutes 2016, section 270C.9901, is amended to read:

64.33 **270C.9901 ASSESSOR ACCREDITATION; WAIVER.**

65.1        **Subdivision 1. Accreditation.** Every individual who appraises or physically inspects  
65.2        real property for the purpose of determining its valuation or classification for property tax  
65.3        purposes must obtain licensure as an accredited Minnesota assessor from the State Board  
65.4        of Assessors by July 1, 2019 2022, or within ~~four~~ five years of that person having become  
65.5        licensed as a certified Minnesota assessor, whichever is later.

65.6        **Subd. 2. Waiver.** (a) An individual may apply to the State Board of Assessors for a  
65.7        waiver from licensure as an accredited Minnesota assessor as required by subdivision 1 if  
65.8        the individual:

65.9        (1) was first licensed as a certified Minnesota assessor before July 1, 2004;  
65.10        (2) has had an assessor license since July 1, 2004;  
65.11        (3) has successfully passed a comprehensive examination substantially equivalent to the  
65.12        requirements by the State Board of Assessors for the accredited Minnesota assessor license  
65.13        designation before May 1, 2020; and  
65.14        (4) submits an application to the State Board of Assessors no later than July 1, 2022.

65.15        The examination can only be taken once to fulfill the requirements of the waiver.

65.16        (b) The commissioner of revenue, in consultation with the State Board of Assessors and  
65.17        the Minnesota Association of Assessing Officers, must determine the contents of the waiver  
65.18        application and the comprehensive examination.

65.19        (c) A county assessor in any jurisdiction assessed by an applicant may submit additional  
65.20        information to the State Board of Assessors to be considered as part of the waiver review  
65.21        proceedings.

65.22        (d) The State Board of Assessors must not grant a waiver unless the applicant has met  
65.23        the requirements in paragraph (a) and has the ability to perform the duties of assessment  
65.24        required in each jurisdiction in which the applicant appraises or physically inspects real  
65.25        property for the purposes of determining its valuation or classification for property tax  
65.26        purposes.

65.27        (e) An individual granted a waiver under this subdivision is allowed to continue  
65.28        assessment duties at the individual's licensure level, provided the individual complies with  
65.29        the continuing education requirements for the accredited Minnesota assessor designation  
65.30        as prescribed by the State Board of Assessors.

65.31        (f) An individual granted a waiver under this section:

66.1 (1) is not considered to have achieved the designation as an accredited Minnesota assessor

66.2 and may not represent himself or herself as an accredited Minnesota assessor; and

66.3 (2) is not authorized to value income-producing property as defined in section 273.11,

66.4 subdivision 13, unless the individual meets the requirements of that section.

66.5 (g) A waiver granted by the State Board of Assessors under this section remains in effect

66.6 unless the individual's licensure is revoked. If the individual's licensure is revoked, the

66.7 waiver is void and the individual is subject to the requirements of subdivision 1.

66.8 (h) A decision of the State Board of Assessors to grant or deny a waiver under this

66.9 subdivision is final and is not subject to appeal.

66.10 (i) Waivers granted under this subdivision expire on June 30, 2032.

66.11 (j) This subdivision expires July 1, 2032.

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

66.13 Sec. 4. Minnesota Statutes 2016, section 272.02, subdivision 23, is amended to read:

66.14 Subd. 23. **Secondary liquid agricultural chemical containment facilities.** Secondary

66.15 containment tanks, cache basins, and that portion of the structure needed for the containment

66.16 facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3,

66.17 as required by the commissioner of agriculture under chapter 18B or 18C, berms used by

66.18 a reseller to contain liquid agricultural chemical spills from primary storage containers and

66.19 prevent runoff or leaching of liquid agricultural chemicals as defined in section 18D.01,

66.20 subdivision 3, are exempt. For purposes of this subdivision, "reseller" means a person

66.21 licensed by the commissioner of agriculture under section 18B.316 or 18C.415.

66.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2016,

66.23 provided that nothing in this section shall cause property that the assessor classified as

66.24 exempt for property taxes payable in 2016 or 2017 to lose its exempt status for taxes payable

66.25 in those years.

66.26 Sec. 5. Minnesota Statutes 2016, section 272.02, subdivision 86, is amended to read:

66.27 Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used

66.28 exclusively for a state-approved apprenticeship program through the Department of Labor

66.29 and Industry is exempt if:

66.30 (1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a nonprofit

66.31 organization or a nonprofit trust;

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

67.2 (3) it is located:

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

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

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

67.10 Use of the property for advanced skills training of incumbent workers does not disqualify  
67.11 the property for the exemption under this subdivision. This exemption includes up to five  
67.12 acres of the land on which the building is located and associated parking areas on that land,  
67.13 except that if the building meets the requirements of clause (3), item (iii), then the exemption  
67.14 includes up to ten acres of land on which the building is located and associated parking  
67.15 areas on that land. If a parking area associated with the facility is used for the purposes of  
67.16 the facility and for other purposes, a portion of the parking area shall be exempt in proportion  
67.17 to the square footage of the facility used for purposes of apprenticeship training.

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

67.19 Sec. 6. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to  
67.20 read:

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

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

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

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

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

68.1        (5) be located outside the metropolitan area as defined under section 473.121, subdivision

68.2        2; and

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

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

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

68.11        Sec. 7. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to  
68.12        read:

68.13        **Subd. 101. Certain property owned by an Indian tribe.** (a) Property is exempt that:

68.14        (1) is located in a city of the first class with a population less than 100,000 as of the  
68.15        2010 federal census;

68.16        (2) was on January 1, 2016, and is for the current assessment, owned by a federally  
68.17        recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
68.18        and

68.19        (3) is used exclusively as a medical clinic.

68.20        (b) Property that qualifies for the exemption under this subdivision is limited to no more  
68.21        than two contiguous parcels and structures that do not exceed, in the aggregate, 30,000  
68.22        square feet. Property acquired for single-family housing, market-rate apartments, agriculture,  
68.23        or forestry does not qualify for this exemption. The exemption created by this subdivision  
68.24        expires with taxes payable in 2028.

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

68.26        Sec. 8. Minnesota Statutes 2016, section 272.0213, is amended to read:

68.27        **272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

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

69.1 (1) is owned by a county, city, town, or the state; and  
69.2 (2) is rented by the entity for noncommercial seasonal-recreational ~~or~~ noncommercial  
69.3 seasonal-recreational residential use; and, or class 1c commercial seasonal-recreational  
69.4 residential use.

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

69.7 (b) Lands owned by the federal government and rented for noncommercial  
69.8 seasonal-recreational ~~or~~ noncommercial seasonal-recreational residential, or class 1c  
69.9 commercial seasonal-recreational residential use are exempt from taxation, including the  
69.10 tax under section 273.19.

69.11 **EFFECTIVE DATE.** This section is effective beginning with taxes assessed in 2018  
69.12 and payable in 2019.

69.13 Sec. 9. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

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

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

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

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

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

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

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

70.1 (2) constructed within the same calendar year as the wind energy conversion system;

70.2 and

70.3 (3) under common ownership.

70.4 In the case of a dispute, the commissioner of commerce shall determine the total size of

70.5 the system, ~~and shall draw all reasonable inferences in favor of combining the systems.~~

70.6 (c) In making a determination under paragraph (b), the commissioner of commerce may

70.7 determine that two wind energy conversion systems are under common ownership when

70.8 the underlying ownership structure contains ~~similar~~ the same persons or entities, even if the

70.9 ownership shares differ between the two systems. Wind energy conversion systems are not

70.10 under common ownership solely because the same person or entity provided equity financing

70.11 for the systems. Wind energy conversion systems that were determined by the commissioner

70.12 of commerce to be eligible for a renewable energy production incentive under section

70.13 216C.41 are not under common ownership unless a change in the qualifying owner was

70.14 made to an owner of another wind energy conversion system subsequent to the determination

70.15 by the commissioner of commerce.

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

70.17 Sec. 10. Minnesota Statutes 2016, section 272.162, is amended to read:

70.18 **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

70.19 Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument

70.20 conveying a parcel of land is presented to the county auditor for transfer or division under

70.21 sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its

70.22 net tax capacity in the official records and shall not certify the instrument as provided in

70.23 section 272.12, if:

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

70.25 (b) The part conveyed appears within the area of application of municipal or county

70.26 subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision

70.27 1; and

70.28 (c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352,

70.29 subdivision 12.

70.30 Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision

70.31 1, the county auditor may transfer or divide the land and its net tax capacity and may certify

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

71.3 (a) (1) that the municipality's or county's subdivision regulations do not apply;  
71.4 (b) (2) that the subdivision has been approved by the governing body of the municipality  
71.5 or county; or

71.6 (c) (3) that the restrictions on the division of taxes and filing and recording have been  
71.7 waived by resolution of the governing body of the municipality or county in the particular  
71.8 case because compliance would create an unnecessary hardship and failure to comply would  
71.9 not interfere with the purpose of the regulations.

71.10 (b) If any of the conditions for certification by the municipality or county as provided  
71.11 in this subdivision exist and the municipality or county does not certify that they exist within  
71.12 24 hours after the instrument of conveyance has been presented to the clerk of the  
71.13 municipality or designated county planning official, the provisions of subdivision 1 do not  
71.14 apply.

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

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

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

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

71.27 Sec. 11. Minnesota Statutes 2016, section 273.124, subdivision 14, is amended to read:

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

71.31 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
71.32 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife

72.1 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
72.2 taxes are paid under sections 477A.11 to 477A.14;

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

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

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

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

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

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

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

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

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

72.28 (5) neither the owner nor the person actively farming the agricultural property lives  
72.29 farther than four townships or cities, or a combination of four townships or cities, from the  
72.30 agricultural property, except that if the owner or the owner's spouse is required to live in  
72.31 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
72.32 the agricultural property, may live more than four townships or cities, or combination of  
72.33 four townships or cities from the agricultural property.

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

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

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

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

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

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

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

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

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

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

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

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

74.11       (f) Agricultural land and buildings that were class 2a homestead property under section  
74.12       273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
74.13       agricultural homesteads for subsequent assessments if:

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

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

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

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

74.22       (5) the owner notifies the county assessor that the relocation was due to a March 29,  
74.23       1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
74.24       the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
74.25       owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
74.26       are not required if the property continues to meet all the requirements in this paragraph and  
74.27       any dwellings on the agricultural land remain uninhabited.

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

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

75.1       (2) a shareholder, member, or partner of that entity is actively farming the agricultural

75.2       property;

75.3       (3) that shareholder, member, or partner who is actively farming the agricultural property

75.4       is a Minnesota resident;

75.5       (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,

75.6       member, or partner claims another agricultural homestead in Minnesota; and

75.7       (5) that shareholder, member, or partner does not live farther than four townships or

75.8       cities, or a combination of four townships or cities, from the agricultural property.

75.9       Homestead treatment applies under this paragraph for property leased to a family farm

75.10      corporation, joint farm venture, limited liability company, or partnership operating a family

75.11      farm if legal title to the property is in the name of an individual who is a member, shareholder,

75.12      or partner in the entity.

75.13       (h) To be eligible for the special agricultural homestead under this subdivision, an initial

75.14      full application must be submitted to the county assessor where the property is located.

75.15      Owners and the persons who are actively farming the property shall be required to complete

75.16      only a one-page abbreviated version of the application in each subsequent year provided

75.17      that none of the following items have changed since the initial application:

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

75.19       (2) the owners and the persons actively farming the property continue to live within the

75.20      four townships or city criteria and are Minnesota residents;

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

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

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

75.24       (6) none of the property's acres have been enrolled in a federal or state farm program

75.25      since the initial application.

75.26       The owners and any persons who are actively farming the property must include the

75.27      appropriate Social Security numbers, and sign and date the application. If any of the specified

75.28      information has changed since the full application was filed, the owner must notify the

75.29      assessor, and must complete a new application to determine if the property continues to

75.30      qualify for the special agricultural homestead. The commissioner of revenue shall prepare

75.31      a standard reapplication form for use by the assessors.

76.1       (i) Agricultural land and buildings that were class 2a homestead property under section  
76.2       273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
76.3       agricultural homesteads for subsequent assessments if:

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

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

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

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

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

76.18       (j) Agricultural land and buildings that were class 2a homestead property under section  
76.19       273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
76.20       agricultural homesteads for subsequent assessments if:

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

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

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

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

76.29       (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
76.30       and the owner furnishes the assessor any information deemed necessary by the assessor in  
76.31       verifying the change in dwelling. Further notifications to the assessor are not required if the

77.1 property continues to meet all the requirements in this paragraph and any dwellings on the  
77.2 agricultural land remain uninhabited.

77.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
77.4 2018.

77.5 Sec. 12. Minnesota Statutes 2016, section 273.124, subdivision 21, is amended to read:

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

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

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

77.14 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
77.15 operating a family farm in which the grantor or the grantor's surviving spouse is a  
77.16 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
77.17 or partner of the corporation, joint farm venture, limited liability company, or partnership  
77.18 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
77.19 including undivided government lots and correctional 40's, and a shareholder, member, or  
77.20 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
77.21 joint farm venture, limited liability company, or partnership.

77.22 (d) A person who has received homestead classification for property taxes payable in  
77.23 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
77.24 occupy the property as that person's homestead and who continues to use the property as a  
77.25 homestead; or, a person who received the homestead classification for taxes payable in 2005  
77.26 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
77.27 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
77.28 in 2005.

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

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

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

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

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

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

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

78.13       (g) Noncontiguous land is included as part of a homestead under this subdivision, only  
78.14       if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and  
78.15       the detached land is located in the same township or city, or not farther than four townships  
78.16       or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous  
78.17       lands must notify the county assessor by December 15 for taxes payable in the following  
78.18       year that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead  
78.19       is located in another county, the taxpayer must also notify the assessor of the other county.

78.20       **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
78.21       2018.

78.22       Sec. 13. Minnesota Statutes 2016, section 273.125, subdivision 8, is amended to read:

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

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

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

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

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

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

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

79.14       (2) the unit is affixed to the land by a permanent foundation or is installed at its location  
79.15       in accordance with the Manufactured Home Building Code contained in sections 327.31 to  
79.16       327.34, and the rules adopted under those sections, or is affixed to the land like other real  
79.17       property in the taxing district; and

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

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

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

79.29       (f) A storage shed, deck, or similar improvement constructed on property that is leased  
79.30       or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer  
79.31       is taxable as provided in this section. In the case of property that is leased or rented as a site  
79.32       for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered  
79.33       personal property under this paragraph is taxable only if its total estimated market value is

80.1 over ~~\$1,000~~ \$10,000. The property is taxable as personal property to the lessee of the site  
80.2 if it is not owned by the owner of the site. The property is taxable as real estate if it is owned  
80.3 by the owner of the site. As a condition of permitting the owner of the manufactured home,  
80.4 sectional structure, park trailer, or travel trailer to construct improvements on the leased or  
80.5 rented site, the owner of the site must obtain the permanent home address of the lessee or  
80.6 user of the site. The site owner must provide the name and address to the assessor upon  
80.7 request.

80.8 **EFFECTIVE DATE.** This section is effective beginning for property taxes assessed  
80.9 in 2018 and payable in 2019.

80.10 Sec. 14. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

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

80.16 The first \$500,000 of market value of class 1a property has a net classification rate of  
80.17 one percent of its market value; and the market value of class 1a property that exceeds  
80.18 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

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

81.10       (c) Class 1c property is commercial use real and personal property that abuts public  
81.11       water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
81.12       the Department of Natural Resources, and is devoted to temporary and seasonal residential  
81.13       occupancy for recreational purposes but not devoted to commercial purposes for more than  
81.14       250 days in the year preceding the year of assessment, and that includes a portion used as  
81.15       a homestead by the owner, ~~which includes a dwelling occupied as a homestead by a~~  
81.16       ~~shareholder of a corporation that owns the resort, a partner in a partnership that owns the~~  
81.17       ~~resort, or a member of a limited liability company that owns the resort even if the title to~~  
81.18       ~~the homestead is held by the corporation, partnership, or limited liability company~~. For  
81.19       purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
81.20       if any portion of the property, excluding the portion used exclusively as a homestead, is  
81.21       used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
81.22       property must contain three or more rental units. A "rental unit" is defined as a cabin,  
81.23       condominium, townhouse, sleeping room, or individual camping site equipped with water  
81.24       and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
81.25       activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
81.26       or cross-country ski equipment; provide marina services, launch services, or guide services;  
81.27       or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
81.28       to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
81.29       for class 1c even though it may remain available for rent. A camping pad offered for rent  
81.30       by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
81.31       the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
81.32       the same owner owns two separate parcels that are located in the same township, and one  
81.33       of those properties is classified as a class 1c property and the other would be eligible to be  
81.34       classified as a class 1c property if it was used as the homestead of the owner, both properties  
81.35       will be assessed as a single class 1c property; for purposes of this sentence, properties are

82.1 deemed to be owned by the same owner if each of them is owned by a limited liability  
82.2 company, and both limited liability companies have the same membership. The portion of  
82.3 the property used as a homestead is class 1a property under paragraph (a). The remainder  
82.4 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
82.5 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
82.6 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
82.7 percent. Owners of real and personal property devoted to temporary and seasonal residential  
82.8 occupancy for recreation purposes in which all or a portion of the property was devoted to  
82.9 commercial purposes for not more than 250 days in the year preceding the year of assessment  
82.10 desiring classification as class 1c, must submit a declaration to the assessor designating the  
82.11 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
82.12 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
82.13 the land on which they are located must be designated as class 1c as otherwise provided.  
82.14 The remainder of the cabins or units and a proportionate share of the land on which they  
82.15 are located must be designated as class 3a commercial. The owner of property desiring  
82.16 designation as class 1c property must provide guest registers or other records demonstrating  
82.17 that the units for which class 1c designation is sought were not occupied for more than 250  
82.18 days in the year preceding the assessment if so requested. The portion of a property operated  
82.19 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
82.20 other nonresidential facility operated on a commercial basis not directly related to temporary  
82.21 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

82.22 (d) Class 1d property includes structures that meet all of the following criteria:

82.23 (1) the structure is located on property that is classified as agricultural property under  
82.24 section 273.13, subdivision 23;

82.25 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
82.26 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
82.27 the property, provided that use of the structure for storage of farm equipment and produce  
82.28 does not disqualify the property from classification under this paragraph;

82.29 (3) the structure meets all applicable health and safety requirements for the appropriate  
82.30 season; and

82.31 (4) the structure is not salable as residential property because it does not comply with  
82.32 local ordinances relating to location in relation to streets or roads.

82.33 The market value of class 1d property has the same classification rates as class 1a property  
82.34 under paragraph (a).

83.1        (e) For the purposes of paragraph (c), the portion of a resort used as a homestead by the  
83.2        owner includes a dwelling occupied as a homestead by:

83.3        (1) a shareholder of a corporation that owns the resort, whether the title to the dwelling  
83.4        is held by the shareholder occupying the dwelling or the corporation;

83.5        (2) a partner in a partnership that owns the resort, whether the title to the dwelling is  
83.6        held by the partner occupying the dwelling or the partnership; or

83.7        (3) a member of a limited liability company that owns the resort, whether the title to the  
83.8        dwelling is held by the member occupying the dwelling or the limited liability company.

83.9        To qualify the portion of a resort used as a homestead by an owner when the title is held  
83.10        by the shareholder, partner, or member occupying the dwelling, a property owner must  
83.11        apply to the assessor by January 15 of the assessment year and provide any documentation  
83.12        for verification required by the assessor. An owner is not required to reapply unless there  
83.13        is a change in the individual using the dwelling as a homestead or a change in the person  
83.14        who holds the title to the dwelling.

83.15        **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018  
83.16        for taxes payable in 2019.

83.17        Sec. 15. Minnesota Statutes 2016, section 273.13, subdivision 23, is amended to read:

83.18        Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
83.19        that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
83.20        2a land under the same ownership. The market value of the house and garage and immediately  
83.21        surrounding one acre of land has the same classification rates as class 1a or 1b property  
83.22        under subdivision 22. The value of the remaining land including improvements up to the  
83.23        first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
83.24        percent of market value. The remaining property over the first tier has a classification rate  
83.25        of one percent of market value. For purposes of this subdivision, the "first tier valuation  
83.26        limit of agricultural homestead property" and "first tier" means the limit certified under  
83.27        section 273.11, subdivision 23.

83.28        (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
83.29        are agricultural land and buildings. Class 2a property has a classification rate of one percent  
83.30        of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
83.31        property must also include any property that would otherwise be classified as 2b, but is  
83.32        interspersed with class 2a property, including but not limited to sloughs, wooded wind  
83.33        shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,

84.1 and other similar land that is impractical for the assessor to value separately from the rest  
84.2 of the property or that is unlikely to be able to be sold separately from the rest of the property.

84.3 An assessor may classify the part of a parcel described in this subdivision that is used  
84.4 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

84.5 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
84.6 are unplatte real estate, rural in character and not used for agricultural purposes, including  
84.7 land used for growing trees for timber, lumber, and wood and wood products, that is not  
84.8 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
84.9 defined by the commissioner of revenue does not disqualify the property from classification  
84.10 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
84.11 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
84.12 assigned to the split parcel containing the structure. Class 2b property has a classification  
84.13 rate of one percent of market value unless it is part of an agricultural homestead under  
84.14 paragraph (a), or qualifies as class 2c under paragraph (d).

84.15 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
84.16 acres statewide per taxpayer that is being managed under a forest management plan that  
84.17 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
84.18 management incentive program. It has a classification rate of .65 percent, provided that the  
84.19 owner of the property must apply to the assessor in order for the property to initially qualify  
84.20 for the reduced rate and provide the information required by the assessor to verify that the  
84.21 property qualifies for the reduced rate. If the assessor receives the application and information  
84.22 before May 1 in an assessment year, the property qualifies beginning with that assessment  
84.23 year. If the assessor receives the application and information after April 30 in an assessment  
84.24 year, the property may not qualify until the next assessment year. The commissioner of  
84.25 natural resources must concur that the land is qualified. The commissioner of natural  
84.26 resources shall annually provide county assessors verification information on a timely basis.  
84.27 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
84.28 of revenue does not disqualify the property from classification under this paragraph.

84.29 (e) Agricultural land as used in this section means:

84.30 (1) contiguous acreage of ten acres or more, used during the preceding year for  
84.31 agricultural purposes; or  
84.32 (2) contiguous acreage used during the preceding year for an intensive livestock or  
84.33 poultry confinement operation, provided that land used only for pasturing or grazing does  
84.34 not qualify under this clause.

85.1        "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
85.2        storage of agricultural products for sale, or the storage of machinery or equipment used in  
85.3        support of agricultural production by the same farm entity. For a property to be classified  
85.4        as agricultural based only on the drying or storage of agricultural products, the products  
85.5        being dried or stored must have been produced by the same farm entity as the entity operating  
85.6        the drying or storage facility. "Agricultural purposes" also includes enrollment in a local  
85.7        conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
85.8        103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
85.9        or a similar state or federal conservation program if the property was classified as agricultural  
85.10        (i) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
85.11        program and the land remains enrolled or (ii) in the year prior to its enrollment. For purposes  
85.12        of this section, a local conservation program means a program administered by a town,  
85.13        statutory or home rule charter city, or county, including a watershed district, water  
85.14        management organization, or soil and water conservation district, in which landowners  
85.15        voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
85.16        exchange for use or other restrictions placed on the land. In order for property to qualify  
85.17        under the local conservation program provision, a taxpayer must apply to the assessor by  
85.18        February 1 of the assessment year and must submit the information required by the assessor,  
85.19        including but not limited to a copy of the program requirements, the specific agreement  
85.20        between the land owner and the local agency, if applicable, and a map of the conservation  
85.21        area. Agricultural classification shall not be based upon the market value of any residential  
85.22        structures on the parcel or contiguous parcels under the same ownership.

85.23        "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
85.24        portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
85.25        of, a set of contiguous tax parcels under that section that are owned by the same person.

85.26        (f) Agricultural land under this section also includes:

85.27        (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
85.28        preceding year for raising or cultivating agricultural products; or

85.29        (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
85.30        contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
85.31        used in the preceding year for one or more of the following three uses:

85.32        (i) for an intensive grain drying or storage operation, or for intensive machinery or  
85.33        equipment storage activities used to support agricultural activities on other parcels of property  
85.34        operated by the same farming entity;

86.1       (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
86.2       are considered agricultural land; or

86.3       (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
86.4       means the cultivation of one or more fruits or vegetables or production of animal or other  
86.5       agricultural products for sale to local markets by the farmer or an organization with which  
86.6       the farmer is affiliated.

86.7       "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
86.8       described in section 272.193, or all of a set of contiguous tax parcels under that section that  
86.9       are owned by the same person.

86.10       (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
86.11       of that property is the leasing to, or use by another person for agricultural purposes.

86.12       Classification under this subdivision is not determinative for qualifying under section  
86.13       273.111.

86.14       (h) The property classification under this section supersedes, for property tax purposes  
86.15       only, any locally administered agricultural policies or land use restrictions that define  
86.16       minimum or maximum farm acreage.

86.17       (i) The term "agricultural products" as used in this subdivision includes production for  
86.18       sale of:

86.19       (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
86.20       animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
86.21       and apiary products by the owner;

86.22       (2) ~~fish-bred~~ aquacultural products for sale and consumption, as defined under section  
86.23       17.47, if the ~~fish breeding~~ aquaculture occurs on land zoned for agricultural use;

86.24       (3) the commercial boarding of horses, which may include related horse training and  
86.25       riding instruction, if the boarding is done on property that is also used for raising pasture  
86.26       to graze horses or raising or cultivating other agricultural products as defined in clause (1);

86.27       (4) property which is owned and operated by nonprofit organizations used for equestrian  
86.28       activities, excluding racing;

86.29       (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
86.30       97A.105, provided that the annual licensing report to the Department of Natural Resources,  
86.31       which must be submitted annually by March 30 to the assessor, indicates that at least 500  
86.32       birds were raised or used for breeding stock on the property during the preceding year and

87.1 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
87.2 shooting preserve licensed under section 97A.115;

87.3 (6) insects primarily bred to be used as food for animals;

87.4 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
87.5 for timber, lumber, wood, or wood products; and

87.6 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
87.7 Department of Agriculture under chapter 28A as a food processor.

87.8 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
87.9 purposes, including but not limited to:

87.10 (1) wholesale and retail sales;

87.11 (2) processing of raw agricultural products or other goods;

87.12 (3) warehousing or storage of processed goods; and

87.13 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
87.14 (3),

87.15 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
87.16 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

87.17 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
87.18 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
87.19 products are grown that is also used for the conduct of retail sales must be classified as  
87.20 agricultural if it is primarily used for the growing of horticultural or nursery products from  
87.21 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
87.22 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
87.23 products does not qualify as an agricultural purpose.

87.24 (k) The assessor shall determine and list separately on the records the market value of  
87.25 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
87.26 farm buildings or structures are located on this homesteaded acre of land, their market value  
87.27 shall not be included in this separate determination.

87.28 (l) Class 2d airport landing area consists of a landing area or public access area of a  
87.29 privately owned public use airport. It has a classification rate of one percent of market value.  
87.30 To qualify for classification under this paragraph, a privately owned public use airport must  
87.31 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
87.32 area" means that part of a privately owned public use airport properly cleared, regularly

88.1 maintained, and made available to the public for use by aircraft and includes runways,  
88.2 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
88.3 area also includes land underlying both the primary surface and the approach surfaces that  
88.4 comply with all of the following:

88.5 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
88.6 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
88.7 for servicing, repair, or maintenance of aircraft is not included as a landing area;

88.8 (ii) the land is part of the airport property; and

88.9 (iii) the land is not used for commercial or residential purposes.

88.10 The land contained in a landing area under this paragraph must be described and certified  
88.11 by the commissioner of transportation. The certification is effective until it is modified, or  
88.12 until the airport or landing area no longer meets the requirements of this paragraph. For  
88.13 purposes of this paragraph, "public access area" means property used as an aircraft parking  
88.14 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
88.15 airport.

88.16 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
88.17 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
88.18 located in a county that has elected to opt-out of the aggregate preservation program as  
88.19 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
88.20 market value. To qualify for classification under this paragraph, the property must be at  
88.21 least ten contiguous acres in size and the owner of the property must record with the county  
88.22 recorder of the county in which the property is located an affidavit containing:

88.23 (1) a legal description of the property;

88.24 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
88.25 actively being mined but is present on the entire parcel enrolled;

88.26 (3) documentation that the conditional use under the county or local zoning ordinance  
88.27 of this property is for mining; and

88.28 (4) documentation that a permit has been issued by the local unit of government or the  
88.29 mining activity is allowed under local ordinance. The disclosure must include a statement  
88.30 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
88.31 and certifying that it is a commercial aggregate deposit.

88.32 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
88.33 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as

89.1 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
89.2 in preparation for excavation or excavation of a commercial deposit.

89.3 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
89.4 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
89.5 day any aggregate is removed stating the number of acres of the property that is actively  
89.6 being mined. The acres actively being mined must be (1) valued and classified under  
89.7 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
89.8 resource preservation property tax program under section 273.1115, if the land was enrolled  
89.9 in that program. Copies of the original affidavit and all supplemental affidavits must be  
89.10 filed with the county assessor, the local zoning administrator, and the Department of Natural  
89.11 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
89.12 time a subsequent portion of the property is actively mined, provided that the minimum  
89.13 acreage change is five acres, even if the actual mining activity constitutes less than five  
89.14 acres.

89.15 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
89.16 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
89.17 section 14.386 concerning exempt rules do not apply.

89.18 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018.

89.19 Sec. 16. Minnesota Statutes 2016, section 273.13, subdivision 25, is amended to read:

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

89.27 (b) Class 4b includes:

89.28 (1) residential real estate containing less than four units that does not qualify as class  
89.29 4bb, other than seasonal residential recreational property;

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

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

90.1        (4) unimproved property that is classified residential as determined under subdivision  
90.2        33.

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

90.4        (c) Class 4bb includes:

90.5        (1) nonhomestead residential real estate containing one unit, other than seasonal  
90.6        residential recreational property, ~~and~~;

90.7        (2) a single family dwelling, garage, and surrounding one acre of property on a  
90.8        nonhomestead farm classified under subdivision 23, paragraph (b)~~-2~~ and

90.9        (3) a condominium-type storage unit having an individual property identification number  
90.10        that is not used for a commercial purpose.

90.11        Class 4bb property has the same classification rates as class 1a property under subdivision  
90.12        22.

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

90.16        (d) Class 4c property includes:

90.17        (1) except as provided in subdivision 22, paragraph (c), real and personal property  
90.18        devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
90.19        for not more than 250 days in the year preceding the year of assessment. For purposes of  
90.20        this clause, property is devoted to a commercial purpose on a specific day if any portion of  
90.21        the property is used for residential occupancy, and a fee is charged for residential occupancy.

90.22        Class 4c property under this clause must contain three or more rental units. A "rental unit"  
90.23        is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
90.24        equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
90.25        for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
90.26        under this clause regardless of the term of the rental agreement, as long as the use of the  
90.27        camping pad does not exceed 250 days. In order for a property to be classified under this  
90.28        clause, either (i) the business located on the property must provide recreational activities,  
90.29        at least 40 percent of the annual gross lodging receipts related to the property must be from  
90.30        business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
90.31        bookings by lodging guests during the year must be for periods of at least two consecutive  
90.32        nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
90.33        providing recreational activities, or (ii) the business must contain 20 or fewer rental units,

91.1 and must be located in a township or a city with a population of 2,500 or less located outside  
91.2 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
91.3 of a state trail administered by the Department of Natural Resources. For purposes of item  
91.4 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
91.5 property also includes commercial use real property used exclusively for recreational  
91.6 purposes in conjunction with other class 4c property classified under this clause and devoted  
91.7 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
91.8 two acres, provided the property is not devoted to commercial recreational use for more  
91.9 than 250 days in the year preceding the year of assessment and is located within two miles  
91.10 of the class 4c property with which it is used. In order for a property to qualify for  
91.11 classification under this clause, the owner must submit a declaration to the assessor  
91.12 designating the cabins or units occupied for 250 days or less in the year preceding the year  
91.13 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
91.14 share of the land on which they are located must be designated class 4c under this clause  
91.15 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
91.16 the land on which they are located will be designated as class 3a. The owner of property  
91.17 desiring designation as class 4c property under this clause must provide guest registers or  
91.18 other records demonstrating that the units for which class 4c designation is sought were not  
91.19 occupied for more than 250 days in the year preceding the assessment if so requested. The  
91.20 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
91.21 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
91.22 directly related to temporary and seasonal residential occupancy for recreation purposes  
91.23 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
91.24 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
91.25 ski equipment; providing marina services, launch services, or guide services; or selling bait  
91.26 and fishing tackle;

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

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

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

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

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

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

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

92.10      For purposes of this clause:

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

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

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

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

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

92.30       The organization shall maintain records of its charitable contributions and donations  
92.31       and of public meetings and events held on the property and make them available upon  
92.32       request any time to the assessor to ensure eligibility. An organization meeting the requirement  
92.33       under item (ii) must file an application by May 1 with the assessor for eligibility for the

93.1 current year's assessment. The commissioner shall prescribe a uniform application form  
93.2 and instructions;

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

93.7 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
93.8 manufactured home parks described in ~~section 273.124, subdivision 3a items (ii) and (iii),~~  
93.9 ~~and~~ (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are  
93.10 described in section 273.124, subdivision 3a, ~~and (iii) class I manufactured home parks as~~  
93.11 ~~defined in section 327C.01, subdivision 13;~~

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

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

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

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

93.21 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
93.22 filed by the new owner with the assessor of the county where the property is located within  
93.23 60 days of the sale;

93.24 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
93.25 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

94.8        The market value subject to the 4c classification under this clause is limited to five rental  
94.9        units. Any rental units on the property in excess of five, must be valued and assessed as  
94.10        class 3a. The portion of the property used for purposes of a homestead by the owner must  
94.11        be classified as class 1a property under subdivision 22;

94.12        (10) real property up to a maximum of three acres and operated as a restaurant as defined  
94.13        under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
94.14        section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
94.15        commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
94.16        of its annual gross receipts from business conducted during four consecutive months. Gross  
94.17        receipts from the sale of alcoholic beverages must be included in determining the property's  
94.18        qualification under item (ii). The property's primary business must be as a restaurant and  
94.19        not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
94.20        Owners of real property desiring 4c classification under this clause must submit an annual  
94.21        declaration to the assessor by February 1 of the current assessment year, based on the  
94.22        property's relevant information for the preceding assessment year;

94.23        (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
94.24        a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
94.25        and devoted to recreational use for marina services. The marina owner must annually provide  
94.26        evidence to the assessor that it provides services, including lake or river access to the public  
94.27        by means of an access ramp or other facility that is either located on the property of the  
94.28        marina or at a publicly owned site that abuts the property of the marina. No more than 800  
94.29        feet of lakeshore may be included in this classification. Buildings used in conjunction with  
94.30        a marina for marina services, including but not limited to buildings used to provide food  
94.31        and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
94.32        as class 3a property; and

94.33        (12) real and personal property devoted to noncommercial temporary and seasonal  
94.34        residential occupancy for recreation purposes.

95.1        Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
95.2        each parcel of noncommercial seasonal residential recreational property under clause (12)  
95.3        has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
95.4        under clause (5), item (i), have the same classification rate as class 4b property, ~~and~~ the  
95.5        market value of manufactured home parks assessed under clause (5), item (ii), ~~has~~ have a  
95.6        classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied  
95.7        by shareholders in the cooperative corporation or association and a classification rate of  
95.8        one percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
95.9        parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
95.10       (iii) commercial-use seasonal residential recreational property and marina recreational land  
95.11       as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
95.12       market value, and 1.25 percent for the remaining market value, (iv) the market value of  
95.13       property described in clause (4) has a classification rate of one percent, (v) the market value  
95.14       of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
95.15       ~~and~~ (vi) that portion of the market value of property in clause (9) qualifying for class 4c  
95.16       property has a classification rate of 1.25 percent, and (vii) property qualifying for  
95.17       classification under clause (3) that is owned or operated by a congressionally chartered  
95.18       veterans organization has a classification rate of one percent. The commissioner of veterans  
95.19       affairs must provide a list of congressionally chartered veterans organizations to the  
95.20       commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

95.21       (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
95.22       by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
95.23       the units in the building qualify as low-income rental housing units as certified under section  
95.24       273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
95.25       in the building qualify for class 4d. The remaining portion of the building shall be classified  
95.26       by the assessor based upon its use. Class 4d also includes the same proportion of land as  
95.27       the qualifying low-income rental housing units are to the total units in the building. For all  
95.28       properties qualifying as class 4d, the market value determined by the assessor must be based  
95.29       on the normal approach to value using normal unrestricted rents.

95.30       (f) The first tier of market value of class 4d property has a classification rate of 0.75  
95.31       percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
95.32       For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
95.33       the market value of each housing unit up to the first tier limit. For the purposes of this  
95.34       paragraph, all class 4d property value must be assigned to individual housing units. The  
95.35       first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is

96.1     adjusted each year by the average statewide change in estimated market value of property  
96.2     classified as class 4a and 4d under this section for the previous assessment year, excluding  
96.3     valuation change due to new construction, rounded to the nearest \$1,000, provided, however,  
96.4     that the limit may never be less than \$100,000. Beginning with assessment year 2015, the  
96.5     commissioner of revenue must certify the limit for each assessment year by November 1  
96.6     of the previous year.

96.7     **EFFECTIVE DATE.** (a) Except as provided in paragraphs (b) and (c), this section is  
96.8     effective beginning with taxes assessed in 2017 and payable in 2018.

96.9     (b) The amendment to paragraph (d), clause (5), and the amendment to item (ii) of the  
96.10    unlettered paragraph after paragraph (d), clause (12), are effective for taxes payable in 2019  
96.11    and thereafter, but only become effective if the class I manufactured home park program  
96.12    in chapter 327C is enacted during the 2017 legislative session.

96.13    (c) The amendment to paragraph (c), clause (3), is effective beginning with taxes payable  
96.14    in 2019.

96.15    Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 34, is amended to read:

96.16    Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of  
96.17    the market value of property owned by a veteran and serving as the veteran's homestead  
96.18    under this section is excluded in determining the property's taxable market value if the  
96.19    veteran has a service-connected disability of 70 percent or more as certified by the United  
96.20    States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the  
96.21    veteran must have been honorably discharged from the United States armed forces, as  
96.22    indicated by United States Government Form DD214 or other official military discharge  
96.23    papers.

96.24    (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,  
96.25    except as provided in clause (2); and

96.26    (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
96.27    excluded.

96.28    (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
96.29    (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
96.30    the legal or beneficial title to the homestead and permanently resides there, the exclusion  
96.31    shall carry over to the benefit of the veteran's spouse for the current taxes payable year and  
96.32    for eight additional taxes payable years or until such time as the spouse remarries, or sells,  
96.33    transfers, or otherwise disposes of the property, whichever comes first. Qualification under

97.1 this paragraph requires an ~~annual~~ application under paragraph (h), and a spouse must notify  
97.2 the assessor if there is a change in the spouse's marital status, ownership of the property, or  
97.3 use of the property as a permanent residence.

97.4 (d) If the spouse of a member of any branch or unit of the United States armed forces  
97.5 who dies due to a service-connected cause while serving honorably in active service, as  
97.6 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
97.7 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
97.8 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such  
97.9 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
97.10 whichever comes first.

97.11 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
97.12 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
97.13 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
97.14 for under paragraph (b).

97.15 (f) In the case of an agricultural homestead, only the portion of the property consisting  
97.16 of the house and garage and immediately surrounding one acre of land qualifies for the  
97.17 valuation exclusion under this subdivision.

97.18 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
97.19 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
97.20 paragraph (b).

97.21 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
97.22 apply to the assessor by July 1 ~~of each assessment year, except that an annual reapplication~~  
97.23 ~~is not required once a property has been accepted for a valuation exclusion under paragraph~~  
97.24 ~~(a) and qualifies for the benefit described in paragraph (b), clause (2), and the property~~  
97.25 ~~continues to qualify until there is a change in ownership of the first assessment year for~~  
97.26 ~~which the exclusion is sought.~~ For an application received after July 1 ~~of any calendar year~~,  
97.27 the exclusion shall become effective for the following assessment year. ~~Except as provided~~  
97.28 ~~in paragraph (c), the owner of a property that has been accepted for a valuation exclusion~~  
97.29 ~~must notify the assessor if there is a change in ownership of the property or in the use of~~  
97.30 ~~the property as a homestead.~~

97.31 (i) A first-time application by a qualifying spouse for the market value exclusion under  
97.32 paragraph (d) must be made any time within two years of the death of the service member.

97.33 (j) For purposes of this subdivision:

98.1 (1) "active service" has the meaning given in section 190.05;

98.2 (2) "own" means that the person's name is present as an owner on the property deed;

98.3 (3) "primary family caregiver" means a person who is approved by the secretary of the

98.4 United States Department of Veterans Affairs for assistance as the primary provider of

98.5 personal care services for an eligible veteran under the Program of Comprehensive Assistance

98.6 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

98.7 (4) "veteran" has the meaning given the term in section 197.447.

98.8 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries  
or sells, transfers, or otherwise disposes of the property if:

98.12 (1) the spouse files a first-time application within two years of the death of the service  
member or by June 1, 2019, whichever is later;

98.14 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
homestead and permanently resides there;

98.16 (3) the veteran met the honorable discharge requirements of paragraph (a); and

98.17 (4) the United States Department of Veterans Affairs certifies that:

98.18 (i) the veteran met the total (100 percent) and permanent disability requirement under  
paragraph (b), clause (2); or

98.20 (ii) the spouse has been awarded dependency and indemnity compensation.

98.21 (l) The purpose of this provision of law providing a level of homestead property tax  
relief for gravely disabled veterans, their primary family caregivers, and their surviving  
spouses is to help ease the burdens of war for those among our state's citizens who bear  
those burdens most heavily.

98.25 (m) By July 1, the county veterans service officer must certify the disability rating and  
permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

98.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018,  
provided that, for taxes payable in 2018, the first-time application required under paragraph  
(k) is due by August 1, 2017.

99.1 Sec. 18. Minnesota Statutes 2016, section 275.025, subdivision 1, is amended to read:

99.2 Subdivision 1. **Levy amount.** The state general levy is levied against  
99.3 commercial-industrial property and seasonal residential recreational property, as defined  
99.4 in this section. The state general levy ~~base amount is \$592,000,000 for commercial-industrial~~  
99.5 property is \$764,910,000 for taxes payable in 2002 2018 and thereafter. For taxes payable  
99.6 ~~in subsequent years, the levy base amount is increased each year by multiplying the levy~~  
99.7 ~~base amount for the prior year by the sum of one plus the rate of increase, if any, in the~~  
99.8 ~~implicit price deflator for government consumption expenditures and gross investment for~~  
99.9 ~~state and local governments prepared by the Bureau of Economic Analysts of the United~~  
99.10 ~~States Department of Commerce for the 12-month period ending March 31 of the year prior~~  
99.11 ~~to the year the taxes are payable. The state general levy for seasonal-recreational property~~  
99.12 is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not  
99.13 treated as a local tax rate under section 469.177 and is not the levy of a governmental unit  
99.14 under chapters 276A and 473F.

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

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

99.21 (2) an erroneous calculation by the commissioner; and

99.22 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
99.23 residential recreational property reported on the abstracts of tax lists submitted under section  
99.24 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89  
99.25 for the same year.

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

99.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

99.29 Sec. 19. Minnesota Statutes 2016, section 275.025, subdivision 2, is amended to read:

99.30 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,  
99.31 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified  
99.32 as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (i) the first tier of  
99.33 commercial-industrial net tax capacity as defined under section 273.13, subdivision 24, (ii)

100.1 electric generation attached machinery under class 3, and (iii) property described in section  
100.2 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured  
100.3 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,  
100.4 the net tax capacity of transmission lines deducted from a local government's total net tax  
100.5 capacity under section 273.425, or fiscal disparities contribution and distribution net tax  
100.6 capacities under chapter 276A or 473F.

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

100.8 Sec. 20. Minnesota Statutes 2016, section 275.025, subdivision 4, is amended to read:

100.9 **Subd. 4. Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The  
100.10 state general tax must be levied by applying a uniform rate to all commercial-industrial tax  
100.11 capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate  
100.12 to all seasonal residential recreational tax capacity. On or before October 1 each year, the  
100.13 commissioner of revenue shall certify the preliminary state general levy rates to each county  
100.14 auditor that must be used to prepare the notices of proposed property taxes for taxes payable  
100.15 in the following year. By January 1 of each year, the commissioner shall certify the final  
100.16 state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

100.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

100.18 Sec. 21. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision  
100.19 to read:

100.20 **Subd. 5. Underserved municipalities distribution.** (a) Any municipality that:

100.21 (1) lies wholly or partially within the metropolitan area as defined under section 473.121,  
100.22 subdivision 2, but outside the transit taxing district as defined under section 473.446,  
100.23 subdivision 2; and

100.24 (2) has a net fiscal disparities contribution equal to or greater than eight percent of its  
100.25 total taxable net tax capacity,

100.26 is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers  
100.27 within the municipality.

100.28 (b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2)  
100.29 the municipality's net fiscal disparities contribution in excess of eight percent of its total  
100.30 taxable net tax capacity; provided, however, that the distribution may not exceed the tax  
100.31 under this section imposed on taxpayers within the municipality. The amount of the  
100.32 distribution to each municipality must be determined by the commissioner of revenue and

101.1 certified to each affected municipality and county by September 1 of the year in which taxes  
101.2 are payable.

101.3 (c) The distribution under this subdivision must be paid to the qualifying municipality  
101.4 by the treasurer of the home county of the municipality by December 1 of the year the taxes  
101.5 are payable. The amounts distributed under this subdivision must be deducted from the  
101.6 settlement of the state general levy for the taxes payable year under section 276.112.

101.7 (d) For purposes of this subdivision, the following terms have the meanings given.

101.8 (1) "Municipality" means a home rule or statutory city, or a town, except that in the case  
101.9 of a city that lies only partially within the metropolitan area, municipality means the portion  
101.10 of the city lying within the metropolitan area.

101.11 (2) "Net fiscal disparities contribution" means a municipality's fiscal disparities  
101.12 contribution tax capacity minus its distribution net tax capacity.

101.13 (3) "Total taxable net tax capacity" means the total net tax capacity of all properties in  
101.14 the municipality under section 273.13 minus (i) the net fiscal disparities contribution, and  
101.15 (ii) the municipality's tax increment captured net tax capacity.

101.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

101.17 Sec. 22. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

101.18 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,  
101.19 on or before September 30, each county ~~and each~~, home rule charter or statutory city, ~~town~~,  
101.20 ~~and special taxing district, excluding the Metropolitan Council and the Metropolitan Mosquito~~  
101.21 ~~Control Commission,~~ shall certify to the county auditor the proposed property tax levy for  
101.22 taxes payable in the following year. ~~For towns, the final certified levy shall also be considered~~  
101.23 ~~the proposed levy.~~

101.24 (b) Notwithstanding any law or charter to the contrary, on or before September 15, ~~each~~  
101.25 ~~town and each special taxing district the Metropolitan Council and the Metropolitan Mosquito~~  
101.26 ~~Control Commission~~ shall adopt and certify to the county auditor a proposed property tax  
101.27 levy for taxes payable in the following year. ~~For towns, the final certified levy shall also be~~  
101.28 ~~considered the proposed levy.~~

101.29 (c) On or before September 30, each school district that has not mutually agreed with  
101.30 its home county to extend this date shall certify to the county auditor the proposed property  
101.31 tax levy for taxes payable in the following year. Each school district that has agreed with  
101.32 its home county to delay the certification of its proposed property tax levy must certify its

102.1 proposed property tax levy for the following year no later than October 7. The school district  
102.2 shall certify the proposed levy as:

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

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

102.8 (d) If the board of estimate and taxation or any similar board that establishes maximum  
102.9 tax levies for taxing jurisdictions within a first class city certifies the maximum property  
102.10 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified  
102.11 in paragraph (a), the city shall be deemed to have certified its levies for those taxing  
102.12 jurisdictions.

102.13 (e) For purposes of this section, "special taxing district" means a special taxing district  
102.14 as defined in section 275.066. Intermediate school districts that levy a tax under chapter  
102.15 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and  
102.16 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special  
102.17 taxing districts for purposes of this section.

102.18 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
102.19 tax levy under this subdivision, the taxing authority shall announce the time and place of  
102.20 its subsequent regularly scheduled meetings at which the budget and levy will be discussed  
102.21 and at which the public will be allowed to speak. The time and place of those meetings must  
102.22 be included in the proceedings or summary of proceedings published in the official newspaper  
102.23 of the taxing authority under section 123B.09, 375.12, or 412.191.

102.24 **EFFECTIVE DATE.** This section is effective beginning with proposed levy  
102.25 certifications for taxes payable in 2018.

102.26 Sec. 23. Minnesota Statutes 2016, section 275.07, subdivision 1, is amended to read:

102.27 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the  
102.28 taxes voted by cities, counties, school districts, and special districts shall be certified by the  
102.29 proper authorities to the county auditor on or before five working days after December 20  
102.30 in each year. A town must certify the levy adopted by the town board to the county auditor  
102.31 by September ~~15~~ 30 each year. If the town board modifies the levy at a special town meeting  
102.32 after September ~~15~~ 30, the town board must recertify its levy to the county auditor on or  
102.33 before five working days after December 20. If a city, town, county, school district, or

103.1 special district fails to certify its levy by that date, its levy shall be the amount levied by it  
103.2 for the preceding year.

103.3 (b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and 103B.251  
103.4 shall be separately certified by the county to the county auditor on or before five working  
103.5 days after December 20 in each year. The taxes certified shall not be reduced by the county  
103.6 auditor by the aid received under section 273.1398, subdivision 3. If a county fails to certify  
103.7 its levy by that date, its levy shall be the amount levied by it for the preceding year.

103.8 (ii) For purposes of the proposed property tax notice under section 275.065 and the  
103.9 property tax statement under section 276.04, for the first year in which the county implements  
103.10 the provisions of this paragraph, the county auditor shall reduce the county's levy for the  
103.11 preceding year to reflect any amount levied for water management purposes under clause  
103.12 (i) included in the county's levy.

103.13 **EFFECTIVE DATE.** This section is effective beginning with proposed levy  
103.14 certifications for taxes payable in 2018.

103.15 Sec. 24. Minnesota Statutes 2016, section 276.017, subdivision 3, is amended to read:

103.16 Subd. 3. **United States Postal Service postmark Proof of timely payment.** The  
103.17 postmark or registration mark of the United States Postal Service qualifies as proof of timely  
103.18 mailing for this section. If the payment is sent by United States registered mail, the date of  
103.19 registration is the postmark date. If the payment is sent by United States certified mail, the  
103.20 date of the United States Postal Service postmark on the receipt given to the person presenting  
103.21 the payment for delivery is the date of mailing. Mailing, or the time of mailing, may also  
103.22 be established by a delivery service's records or other available evidence except that. The  
103.23 postmark of a private postage meter or an electronic stamp purchased online may not be  
103.24 used as proof of a timely mailing made under this section.

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

103.26 Sec. 25. Minnesota Statutes 2016, section 279.01, subdivision 1, is amended to read:

103.27 Subdivision 1. **Due dates; penalties.** Except as provided in subdivisions 3 to 5, on May  
103.28 16 or 21 days after the postmark date on the envelope containing the property tax statement,  
103.29 whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real  
103.30 estate on the current lists in the hands of the county treasurer. The (a) When the taxes against  
103.31 any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May  
103.32 16, and the remaining one-half must be paid prior to the following October 16. If either tax

104.1 amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead  
104.2 property until May 31 and four percent on nonhomestead property. If complete payment  
104.3 has not been made by the first day of the month following either due date, an additional  
104.4 penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four  
104.5 percent until May 31 homestead property and eight four percent on June 1. This penalty  
104.6 does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope  
104.7 containing the property tax statements, whichever is later, on commercial use real property  
104.8 used for seasonal residential recreational purposes and classified as class 1c or 4c, and on  
104.9 other commercial use real property classified as class 3a, provided that over 60 percent of  
104.10 the gross income earned by the enterprise on the class 3a property is earned during the  
104.11 months of May, June, July, and August. In order for the first half of the tax due on class 3a  
104.12 property to be paid after May 15 and before June 1, or 21 days after the postmark date on  
104.13 the envelope containing the property tax statement, whichever is later, without penalty, the  
104.14 owner of the property must attach an affidavit to the payment attesting to compliance with  
104.15 the income provision of this subdivision nonhomestead property is imposed. Thereafter,  
104.16 for both homestead and nonhomestead property, on the first day of each subsequent month  
104.17 beginning July 1, up to and including October 1 following through December, an additional  
104.18 penalty of one percent for each month accrues and is charged on all such unpaid taxes  
104.19 provided that if the due date was extended beyond May 15 as the result of any delay in  
104.20 mailing property tax statements no additional penalty shall accrue if the tax is paid by the  
104.21 extended due date. If the tax is not paid by the extended due date, then all penalties that  
104.22 would have accrued if the due date had been May 15 shall be charged. When the taxes  
104.23 against any tract or lot exceed \$100, one half thereof may be paid prior to May 16 or 21  
104.24 days after the postmark date on the envelope containing the property tax statement, whichever  
104.25 is later; and, if so paid, no penalty attaches; the remaining one half may be paid at any time  
104.26 prior to October 16 following, without penalty; but, if not so paid, then a penalty of two  
104.27 percent accrues thereon for homestead property and a penalty of four percent on  
104.28 nonhomestead property. Thereafter, for homestead property, on the first day of November  
104.29 an additional penalty of four percent accrues and on the first day of December following,  
104.30 an additional penalty of two percent accrues and is charged on all such unpaid taxes.  
104.31 Thereafter, for nonhomestead property, on the first day of November and December  
104.32 following, an additional penalty of four percent for each month accrues and is charged on  
104.33 all such unpaid taxes. If one half of such taxes are not paid prior to May 16 or 21 days after  
104.34 the postmark date on the envelope containing the property tax statement, whichever is later,  
104.35 the same may be paid at any time prior to October 16, with accrued penalties to the date of  
104.36 payment added, and thereupon no penalty attaches to the remaining one half until October

105.1 ~~16 following the~~ the penalty must not exceed eight percent in the case of homestead property,  
105.2 or 12 percent in the case of nonhomestead property.

105.3 (b) If the property tax statement was not postmarked prior to April 25, the first half  
105.4 payment due date in paragraph (a) shall be 21 days from the postmark date of the property  
105.5 tax statement, and all penalties referenced in paragraph (a) shall be determined with regard  
105.6 to the later due date.

105.7 (c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as  
105.8 specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount  
105.9 of the tax due.

105.10 (d) For commercial use real property used for seasonal residential recreational purposes  
105.11 and classified as class 1c or 4c, and on other commercial use real property classified as class  
105.12 3a, provided that over 60 percent of the gross income earned by the enterprise on the class  
105.13 3a property is earned during the months of May, June, July, and August, the first half  
105.14 payment is due prior to June 1. For a class 3a property to qualify for the later due date, the  
105.15 owner of the property must attach an affidavit to the payment attesting to compliance with  
105.16 the income requirements of this paragraph.

105.17 (e) This section applies to payment of personal property taxes assessed against  
105.18 improvements to leased property, except as provided by section 277.01, subdivision 3.

105.19 (f) A county may provide by resolution that in the case of a property owner that has  
105.20 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in  
105.21 installments as provided in this subdivision.

105.22 (g) The county treasurer may accept payments of more or less than the exact amount of  
105.23 a tax installment due. Payments must be applied first to the oldest installment that is due  
105.24 but which has not been fully paid. If the accepted payment is less than the amount due,  
105.25 payments must be applied first to the penalty accrued for the year or the installment being  
105.26 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum  
105.27 payment required as a condition for filing an appeal under section 278.03 or any other law,  
105.28 nor does it affect the order of payment of delinquent taxes under section 280.39.

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

105.30 Sec. 26. Minnesota Statutes 2016, section 279.01, subdivision 2, is amended to read:

105.31 Subd. 2. **Abatement of penalty.** (a) The county board may, with the concurrence of the  
105.32 county treasurer, delegate to the county treasurer the power to abate the penalty provided  
105.33 for late payment of taxes in the current year. Notwithstanding section 270C.86, if any county

106.1 board so elects, the county treasurer may abate the penalty on finding that the imposition  
106.2 of the penalty would be unjust and unreasonable.

106.3 (b) The county treasurer shall abate the penalty provided for late payment of taxes in  
106.4 the current year if the property tax payment is delivered by mail to the county treasurer and  
106.5 the envelope containing the payment is postmarked by the United States Postal Service  
106.6 within one business day of the due date prescribed under this section, but only if the property  
106.7 owner requesting the abatement has not previously received an abatement of penalty for  
106.8 late payment of tax under this paragraph.

106.9 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2018 and  
106.10 thereafter.

106.11 Sec. 27. Minnesota Statutes 2016, section 279.01, subdivision 3, is amended to read:

106.12 **Subd. 3. Agricultural property.** (a) In the case of class 1b agricultural homestead, class  
106.13 2a agricultural homestead property, and class 2a agricultural nonhomestead property, and  
106.14 class 2b rural vacant land that is part of an agricultural homestead, no penalties shall attach  
106.15 to the second one-half property tax payment as provided in this section if paid by November  
106.16 15. Thereafter for class 1b agricultural homestead and class 2a homestead property, on  
106.17 November 16 following, a penalty of six percent shall accrue and be charged on all such  
106.18 unpaid taxes and on December 1 following, an additional two percent shall be charged on  
106.19 all such unpaid taxes. Thereafter for class 2a agricultural nonhomestead property, on  
106.20 November 16 following, a penalty of eight percent shall accrue and be charged on all such  
106.21 unpaid taxes and on December 1 following, an additional four percent shall be charged on  
106.22 all such unpaid taxes, penalties shall attach as provided in subdivision 1.

106.23 If the owner of class 1b agricultural homestead or class 2a agricultural property receives  
106.24 a consolidated property tax statement that shows only an aggregate of the taxes and special  
106.25 assessments due on that property and on other property not classified as class 1b agricultural  
106.26 homestead or class 2a agricultural property, the aggregate tax and special assessments shown  
106.27 due on the property by the consolidated statement will be due on November 15.

106.28 (b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b  
106.29 property that was subject to a second half due date of November 15 for taxes payable in  
106.30 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of  
106.31 those that would apply as if the second half due date were November 15.

106.32 **EFFECTIVE DATE.** (a) Except as provided in paragraph (b), this section is effective  
106.33 beginning with taxes payable in 2018.

107.1        (b) The provisions in this section applicable to class 2b rural vacant land are effective  
107.2        beginning with taxes payable in 2019.

107.3        Sec. 28. Minnesota Statutes 2016, section 279.37, is amended by adding a subdivision to  
107.4        read:

107.5        Subd. 1b. **Conditions.** The county auditor may offer on a voluntary basis financial  
107.6        literacy counseling as part of entering into a confession of judgment. The county auditor  
107.7        may fund the financial literacy counseling using the fee in subdivision 8. The counseling  
107.8        shall not be at taxpayer expense.

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

107.10       Sec. 29. Minnesota Statutes 2016, section 281.17, is amended to read:

107.11       **281.17 PERIOD FOR OF REDEMPTION.**

107.12       (a) Except for properties described in paragraphs (b) and (c), or properties for which the  
107.13       period of redemption has been limited under sections 281.173 and 281.174, the following  
107.14       periods for period of redemption apply.

107.15       The period of redemption for all lands sold to the state at a tax judgment sale shall be  
107.16       three years from the date of sale to the state of Minnesota.

107.17       The period of redemption for homesteaded lands as defined in section 273.13, subdivision  
107.18       22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6,  
107.19       section 4, and sold to the state at a tax judgment sale is three years from the date of sale.

107.20       (b) The period of redemption for all lands located in a targeted neighborhood community  
107.21       as defined in Laws 1987, chapter 386, article 6, section 4 section 469.201, subdivision 10,  
107.22       except homesteaded lands as defined in section 273.13, subdivision 22, is one year from  
107.23       the date of sale.

107.24       (c) The period of redemption for all real property constituting a mixed municipal solid  
107.25       waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is  
107.26       one year from the date of the sale to the state of Minnesota.

107.27       (d) In determining the period of redemption, the county must use the property's  
107.28       classification and homestead classification for the assessment year on which the tax judgment  
107.29       is based. Any change in the property's classification or homestead classification after the  
107.30       assessment year on which the tax judgment is based does not affect the period of redemption.

108.1        **EFFECTIVE DATE.** This section is effective for tax judgment sales occurring after  
108.2        January 1, 2018.

108.3        Sec. 30. Minnesota Statutes 2016, section 281.173, subdivision 2, is amended to read:

108.4        **Subd. 2. Summons and complaint.** Any city, county, housing and redevelopment  
108.5        authority, port authority, or economic development authority, in which the premises are  
108.6        located may commence an action in district court to reduce the period otherwise allowed  
108.7        for redemption under this chapter. The action must be commenced by the filing of a  
108.8        complaint, naming as defendants the record fee owners or the owner's personal representative,  
108.9        or the owner's heirs as determined by a court of competent jurisdiction, contract for deed  
108.10        purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records  
108.11        of the county auditor, the Internal Revenue Service of the United States and the Revenue  
108.12        Department of the state of Minnesota if tax liens against the owners or contract for deed  
108.13        purchasers have been recorded or filed; and any other person the plaintiff determines should  
108.14        be made a party. The action shall be filed in district court for the county in which the premises  
108.15        are located. The complaint must identify the premises by legal description. The complaint  
108.16        must allege (1) that the premises are abandoned, (2) that the tax judgment sale pursuant to  
108.17        section 280.01 has been made, and (3) notice of expiration of the time for redemption has  
108.18        not been given.

108.19        The complaint must request an order reducing the redemption period to five weeks.  
108.20        When the complaint has been filed, the court shall issue a summons commanding the person  
108.21        or persons named in the complaint to appear before the court on a day and at a place stated  
108.22        in the summons. The appearance date shall be not less than 15 nor more than 25 days from  
108.23        the date of the issuing of the summons. A copy of the filed complaint must be attached to  
108.24        the summons.

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

108.26        Sec. 31. Minnesota Statutes 2016, section 281.174, subdivision 3, is amended to read:

108.27        **Subd. 3. Summons and complaint.** Any city, county, housing and redevelopment  
108.28        authority, port authority, or economic development authority in which the property is located  
108.29        may commence an action in district court to reduce the period otherwise allowed for  
108.30        redemption under this chapter from the date of the requested order. The action must be  
108.31        commenced by the filing of a complaint, naming as defendants the record fee owners or the  
108.32        owner's personal representative, or the owner's heirs as determined by a court of competent  
108.33        jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the

109.1 taxpayers as shown on the records of the county auditor, the Internal Revenue Service of  
109.2 the United States and the revenue department of the state of Minnesota if tax liens against  
109.3 the owners or contract for deed purchasers have been recorded or filed, and any other person  
109.4 the plaintiff determines should be made a party. The action shall be filed in district court  
109.5 for the county in which the property is located. The complaint must identify the property  
109.6 by legal description. The complaint must allege (1) that the property is vacant, (2) that the  
109.7 tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the  
109.8 time for redemption has not been given.

109.9 The complaint must request an order reducing the redemption period to five weeks.  
109.10 When the complaint has been filed, the court shall issue a summons commanding the person  
109.11 or persons named in the complaint to appear before the court on a day and at a place stated  
109.12 in the summons. The appearance date shall be not less than 15 nor more than 25 days from  
109.13 the date of the issuing of the summons, except that, when the United States of America is  
109.14 a party, the date shall be set in accordance with applicable federal law. A copy of the filed  
109.15 complaint must be attached to the summons.

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

109.17 **Sec. 32. [281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.**

109.18 If the county auditor provides notice as required by section 281.23, the state, agency,  
109.19 political subdivision, or other entity that becomes the fee owner or manager of a property  
109.20 as a result of forfeiture due to nonpayment of real property taxes is not required to expend  
109.21 public funds to maintain any servitude, agreement, easement, or other encumbrance affecting  
109.22 the property. The fee owner or manager of a property may, at its discretion, spend public  
109.23 funds necessary for the maintenance, security, or management of the property.

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

109.25 **Sec. 33. [281.70] LIMITED RIGHT OF ENTRY.**

109.26 Subdivision 1. **Limited right of entry.** If premises described in a real estate tax judgment  
109.27 sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county  
109.28 auditor may, but is not obligated to, enter the premises to protect the premises from waste  
109.29 or trespass until the county auditor is notified that the premises are occupied. An affidavit  
109.30 of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing  
109.31 the premises and stating that the premises are vacant and unoccupied is prima facie evidence  
109.32 of the facts stated in the affidavit. If the affidavit contains a legal description of the premises,

110.1 the affidavit may be recorded in the office of the county recorder or the registrar of titles in  
110.2 the county where the premises are located.

110.3 Subd. 2. **Authorized actions.** (a) The county auditor may take one or more of the  
110.4 following actions to protect the premises from waste or trespass:

110.5 (1) install or change locks on doors and windows;

110.6 (2) board windows; and

110.7 (3) other actions to prevent or minimize damage to the premises from the elements,  
110.8 vandalism, trespass, or other illegal activities.

110.9 (b) If the county auditor installs or changes locks on premises under paragraph (a), the  
110.10 county auditor must promptly deliver a key to the premises to the taxpayer or any person  
110.11 lawfully claiming a right of occupancy upon request.

110.12 Subd. 3. **Costs.** Costs incurred by the county auditor in protecting the premises from  
110.13 waste or trespass under this section may be added to the delinquent taxes due. The costs  
110.14 may bear interest to the extent provided, and interest may be added to the delinquent taxes  
110.15 due.

110.16 Subd. 4. **Scope.** The actions authorized under this section are in addition to, and do not  
110.17 limit or replace, any other rights or remedies available to the county auditor under Minnesota  
110.18 law.

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

110.20 Sec. 34. Minnesota Statutes 2016, section 282.01, subdivision 4, is amended to read:

110.21 Subd. 4. **Sale; method; requirements; effects.** (a) The sale authorized under  
110.22 subdivision 3 must be conducted by the county auditor at the county seat of the county in  
110.23 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be  
110.24 conducted in any county facility within the county. The sale must not be for less than the  
110.25 appraised value except as provided in subdivision 7a. The parcels must be sold for cash  
110.26 only, unless the county board of the county has adopted a resolution providing for their sale  
110.27 on terms, in which event the resolution controls with respect to the sale. When the sale is  
110.28 made on terms other than for cash only (1) a payment of at least ten percent of the purchase  
110.29 price must be made at the time of purchase, and the balance must be paid in no more than  
110.30 ten equal annual installments, or (2) the payments must be made in accordance with county  
110.31 board policy, but in no event may the board require more than 12 installments annually,  
110.32 and the contract term must not be for more than ten years. Standing timber or timber products

111.1 must not be removed from these lands until an amount equal to the appraised value of all  
111.2 standing timber or timber products on the lands at the time of purchase has been paid by  
111.3 the purchaser. If a parcel of land bearing standing timber or timber products is sold at public  
111.4 auction for more than the appraised value, the amount bid in excess of the appraised value  
111.5 must be allocated between the land and the timber in proportion to their respective appraised  
111.6 values. In that case, standing timber or timber products must not be removed from the land  
111.7 until the amount of the excess bid allocated to timber or timber products has been paid in  
111.8 addition to the appraised value of the land. The purchaser is entitled to immediate possession,  
111.9 subject to the provisions of any existing valid lease made in behalf of the state.

111.10 (b) For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price  
111.11 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance  
111.12 of the purchase price for sales occurring after December 31, 1990, is subject to interest at  
111.13 the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change  
111.14 each year on the unpaid balance in the manner provided for rate changes in section 549.09  
111.15 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance  
111.16 on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the  
111.17 time that the sale occurred.

111.18 (c) Notwithstanding subdivision 7, a county board may by resolution provide for the  
111.19 listing and sale of individual parcels by other means, including through a real estate broker.  
111.20 However, if the buyer under this paragraph could have repurchased a parcel of property  
111.21 under section 282.012 or 282.241, that buyer may not purchase that same parcel of property  
111.22 at the sale under this subdivision for a purchase price less than the sum of all taxes,  
111.23 assessments, penalties, interest, and costs due at the time of forfeiture computed under  
111.24 section 282.251, and any special assessments for improvements certified as of the date of  
111.25 sale. This subdivision shall be liberally construed to encourage the sale and utilization of  
111.26 tax-forfeited land in order to eliminate nuisances and dangerous conditions and to increase  
111.27 compliance with land use ordinances.

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

111.29 Sec. 35. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to  
111.30 read:

111.31 Subd. 13. **Online auction.** A county board, or a county auditor if the auditor has been  
111.32 delegated such authority under section 282.135, may sell tax-forfeited lands through an  
111.33 online auction. When an online auction is used to sell tax-forfeited lands, the county auditor  
111.34 shall post a physical notice of the online auction and shall publish a notice of the online

112.1 auction on its Web site not less than ten days before the online auction begins, in addition  
112.2 to any other notice required.

112.3 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that  
112.4 occur on or after August 1, 2017.

112.5 Sec. 36. Minnesota Statutes 2016, section 282.016, is amended to read:

112.6 **282.016 PROHIBITED PURCHASERS.**

112.7 (a) A county auditor, county treasurer, county attorney, court administrator of the district  
112.8 court, county assessor, supervisor of assessments, deputy or clerk or an employee of such  
112.9 officer, a commissioner for tax-forfeited lands or an assistant to such commissioner, must  
112.10 not become a purchaser, either personally or as an agent or attorney for another person, of  
112.11 the properties offered for sale under the provisions of this chapter in the county for which  
112.12 the person performs duties. ~~A person prohibited from purchasing property under this section~~  
112.13 ~~must not directly or indirectly have another person purchase it on behalf of the prohibited~~  
112.14 ~~purchaser for the prohibited purchaser's benefit or gain.~~

112.15 (b) Notwithstanding paragraph (a), such officer, deputy, clerk, or employee or  
112.16 commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase  
112.17 lands owned by that official at the time the state became the absolute owner thereof or (2)  
112.18 bid upon and purchase forfeited property offered for sale under the alternate sale procedure  
112.19 described in section 282.01, subdivision 7a.

112.20 (c) In addition to the persons identified in paragraph (a), a county auditor may prohibit  
112.21 other persons and entities from becoming a purchaser, either personally or as an agent or  
112.22 attorney for another person or entity, of the properties offered for sale under this chapter in  
112.23 the following circumstances: (1) the person or entity owns another property within the  
112.24 county for which there are delinquent taxes owing; (2) the person or entity has held a rental  
112.25 license in the county and the license has been revoked within the last five years; or (3) the  
112.26 person or entity has been the vendee of a contract for purchase of a property offered for sale  
112.27 under this chapter, which contract has been canceled within the last five years.

112.28 (d) A person prohibited from purchasing property under this section must not directly  
112.29 or indirectly have another person purchase it on behalf of the prohibited purchaser for the  
112.30 prohibited purchaser's benefit or gain.

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

113.1 Sec. 37. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

113.2 **Subdivision 1. Land on or adjacent to public waters.** (a) All land which is the property  
113.3 of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether  
113.4 the land is held in trust for taxing districts, and which borders on or is adjacent to meandered  
113.5 lakes and other public waters and watercourses, and the live timber growing or being thereon,  
113.6 is hereby withdrawn from sale except as hereinafter provided. The authority having  
113.7 jurisdiction over the timber on any such lands may sell the timber as otherwise provided by  
113.8 law for cutting and removal under such conditions as the authority may prescribe in  
113.9 accordance with approved, sustained yield forestry practices. The authority having jurisdiction  
113.10 over the timber shall reserve such timber and impose such conditions as the authority deems  
113.11 necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features.  
113.12 Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress  
113.13 approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject  
113.14 to like restrictions as are now imposed by that act on federal lands.

113.15 (b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public  
113.16 waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary  
113.17 high-water mark being the waterside boundary thereof, and the land side boundary thereof  
113.18 being a line drawn parallel to the ordinary high-water mark and two rods distant landward  
113.19 therefrom, hereby is reserved for public travel thereon, and whatever the conformation of  
113.20 the shore line or conditions require, the authority having jurisdiction over such lands shall  
113.21 reserve a wider strip for such purposes.

113.22 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by  
113.23 the authority having jurisdiction over the land, in the manner otherwise provided by law  
113.24 for the sale of such lands, if the authority determines that it is in the public interest to do  
113.25 so. If the authority having jurisdiction over the land is not the commissioner of natural  
113.26 resources, the land may not be offered for sale without the prior approval of the commissioner  
113.27 of natural resources.

113.28 (d) Where the authority having jurisdiction over lands withdrawn from sale under this  
113.29 section is not the commissioner of natural resources, the authority may submit proposals  
113.30 for disposition of the lands to the commissioner. The commissioner of natural resources  
113.31 shall evaluate the lands and their public benefits and make recommendations on the proposed  
113.32 dispositions to the committees of the legislature with jurisdiction over natural resources.  
113.33 The commissioner shall include any recommendations of the commissioner for disposition  
113.34 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.  
113.35 The commissioner's recommendations may include a public sale, sale to a private party,

114.1 acquisition by the Department of Natural Resources for public purposes, or a cooperative  
114.2 management agreement with, or transfer to, another unit of government.

114.3 (e) Notwithstanding this subdivision, a county may sell property governed by this section  
114.4 upon written authorization from the commissioner of natural resources. Prior to the sale or  
114.5 conveyance of lands under this subdivision, the county board must give notice of its intent  
114.6 to meet for that purpose as provided in section 282.01, subdivision 1.

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

114.8 Sec. 38. Minnesota Statutes 2016, section 282.02, is amended to read:

114.9 **282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS**

114.10 **PERMITTED.**

114.11 (a) Immediately after classification and appraisal of the land, and after approval by the  
114.12 commissioner of natural resources when required pursuant to section 282.01, subdivision  
114.13 3, the county board shall provide and file with the county auditor a list of parcels of land to  
114.14 be offered for sale. This list shall contain a description of the parcels of land and the appraised  
114.15 value thereof. The auditor shall publish a notice of the intended public sale of such parcels  
114.16 of land and a copy of the resolution of the county board fixing the terms of the sale, if other  
114.17 than for cash only, by publication once a week for two weeks in the official newspaper of  
114.18 the county, the last publication to be not less than ten days previous to the commencement  
114.19 of the sale.

114.20 (b) The notice shall include the parcel's description and appraised value. The notice shall  
114.21 also indicate the amount of any special assessments which may be the subject of a  
114.22 reassessment or new assessment or which may result in the imposition of a fee or charge  
114.23 pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall  
114.24 also mail notice to the owners of land adjoining the parcel to be sold. For purposes of this  
114.25 section, "owner" means the taxpayer as listed in the records of the county auditor.

114.26 (c) If the county board ~~of St. Louis or Koochiching Counties~~ determines that the sale  
114.27 shall take place in a county facility other than the courthouse, the notice shall specify the  
114.28 facility and its location. If the county board determines that the sale shall take place as an  
114.29 online auction under section 282.01, subdivision 13, the notice shall specify the auction  
114.30 Web site and the date of the auction.

114.31 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that  
114.32 occur on or after August 1, 2017.

115.1 Sec. 39. Minnesota Statutes 2016, section 282.04, subdivision 2, is amended to read:

115.2 **Subd. 2. Rights before sale; improvements, insurance, demolition.** (a) Before the  
115.3 sale of a parcel of forfeited land the county auditor may, with the approval of the county  
115.4 board of commissioners, provide for the repair and improvement of any building or structure  
115.5 located upon the parcel, and may provide for maintenance of tax-forfeited lands, if it is  
115.6 determined by the county board that such repairs, improvements, or maintenance are  
115.7 necessary for the operation, use, preservation, and safety of the building or structure.

115.8 (b) If so authorized by the county board, the county auditor may insure the building or  
115.9 structure against loss or damage resulting from fire or windstorm, may purchase workers'  
115.10 compensation insurance to insure the county against claims for injury to the persons employed  
115.11 in the building or structure by the county, and may insure the county, its officers and  
115.12 employees against claims for injuries to persons or property because of the management,  
115.13 use, or operation of the building or structure.

115.14 (c) The county auditor may, with the approval of the county board, provide:

115.15 (1) for the demolition of the building or structure, which has been determined by the  
115.16 county board to be especially liable to fire or so situated as to endanger life or limb or other  
115.17 buildings or property in the vicinity because of age, dilapidated condition, defective chimney,  
115.18 defective electric wiring, any gas connection, heating apparatus, or other defect; and

115.19 (2) for the sale of salvaged materials from the building or structure.

115.20 (d) Notwithstanding any law to the contrary, the county auditor, with the approval of  
115.21 the county board, may provide for the sale of abandoned personal property. The or disposal  
115.22 of personal property remaining after the certificate under section 281.23, subdivision 9, has  
115.23 been recorded. The county auditor must make reasonable efforts to provide at least 28 days'  
115.24 notice of the sale or disposal to the former owner, taxpayer, and any occupants at the time  
115.25 of forfeiture. A sale may be made by the sheriff using the procedures for the sale of  
115.26 abandoned property in section 345.15 or by the county auditor using the procedures for the  
115.27 sale of abandoned property in section 504B.271 a sale procedure approved by the county  
115.28 board. A county may contract with a third party to assist with removal, disposal, or sale of  
115.29 personal property. The net proceeds from any sale of the personal property, salvaged  
115.30 materials, timber or other products, or leases made under this law must be deposited in the  
115.31 forfeited tax sale fund and must be distributed in the same manner as if the parcel had been  
115.32 sold.

115.33 (e) The county auditor, with the approval of the county board, may provide for the  
115.34 demolition of any structure on tax-forfeited lands, if in the opinion of the county board, the

116.1 county auditor, and the land commissioner, if there is one, the sale of the land with the  
116.2 structure on it, or the continued existence of the structure by reason of age, dilapidated  
116.3 condition or excessive size as compared with nearby structures, will result in a material  
116.4 lessening of net tax capacities of real estate in the vicinity of the tax-forfeited lands, or if  
116.5 the demolition of the structure or structures will aid in disposing of the tax-forfeited property.

116.6 (f) Before the sale of a parcel of forfeited land located in an urban area, the county auditor  
116.7 may with the approval of the county board provide for the grading of the land by filling or  
116.8 the removal of any surplus material from it. If the physical condition of forfeited lands is  
116.9 such that a reasonable grading of the lands is necessary for the protection and preservation  
116.10 of the property of any adjoining owner, the adjoining property owner or owners may apply  
116.11 to the county board to have the grading done. If, after considering the application, the county  
116.12 board believes that the grading will enhance the value of the forfeited lands commensurate  
116.13 with the cost involved, it may approve it, and the work must be performed under the  
116.14 supervision of the county or city engineer, as the case may be, and the expense paid from  
116.15 the forfeited tax sale fund.

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

116.17 Sec. 40. Minnesota Statutes 2016, section 282.241, subdivision 1, is amended to read:

116.18 **Subdivision 1. Repurchase requirements.** The owner at the time of forfeiture, or the  
116.19 owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes  
116.20 was given by statute, mortgage, or other agreement, may repurchase any parcel of land  
116.21 claimed by the state to be forfeited to the state for taxes unless before the time repurchase  
116.22 is made the parcel is sold under installment payments, or otherwise, by the state as provided  
116.23 by law, or is under mineral prospecting permit or lease, or proceedings have been commenced  
116.24 by the state or any of its political subdivisions or by the United States to condemn the parcel  
116.25 of land. The parcel of land may be repurchased for the sum of all delinquent taxes and  
116.26 assessments computed under section 282.251, together with penalties, interest, and costs,  
116.27 that accrued or would have accrued if the parcel of land had not forfeited to the state. Except  
116.28 for property which was homesteaded on the date of forfeiture, repurchase is permitted during  
116.29 one year six months only from the date of forfeiture, and in any case only after the adoption  
116.30 of a resolution by the board of county commissioners determining that by repurchase undue  
116.31 hardship or injustice resulting from the forfeiture will be corrected, or that permitting the  
116.32 repurchase will promote the use of the lands that will best serve the public interest. If the  
116.33 county board has good cause to believe that a repurchase installment payment plan for a  
116.34 particular parcel is unnecessary and not in the public interest, the county board may require

117.1 as a condition of repurchase that the entire repurchase price be paid at the time of repurchase.  
117.2 A repurchase is subject to any easement, lease, or other encumbrance granted by the state  
117.3 before the repurchase, and if the land is located within a restricted area established by any  
117.4 county under Laws 1939, chapter 340, the repurchase must not be permitted unless the  
117.5 resolution approving the repurchase is adopted by the unanimous vote of the board of county  
117.6 commissioners.

117.7 The person seeking to repurchase under this section shall pay all maintenance costs  
117.8 incurred by the county auditor during the time the property was tax-forfeited.

117.9 **EFFECTIVE DATE.** This section is effective January 1, 2018.

117.10 Sec. 41. Minnesota Statutes 2016, section 282.322, is amended to read:

117.11 **282.322 FORFEITED LANDS LIST.**

117.12 The county board of any county may file a list of forfeited lands with the county auditor,  
117.13 if the board is of the opinion that such lands may be acquired by the state or any municipal  
117.14 subdivision thereof of the state for public purposes. Upon the filing of such the list of  
117.15 forfeited lands, the county auditor shall withhold said lands from repurchase. If no proceeding  
117.16 shall be is started to acquire such lands by the state or some municipal subdivision thereof  
117.17 of the state within one year after the filing of such the list of forfeited lands, the county  
117.18 board shall withdraw said the list and thereafter, if the property was classified as  
117.19 nonhomestead at the time of forfeiture, the owner shall have one year not more than six  
117.20 months in which to repurchase.

117.21 **EFFECTIVE DATE.** This section is effective January 1, 2018.

117.22 Sec. 42. Minnesota Statutes 2016, section 473H.09, is amended to read:

117.23 **473H.09 EARLY TERMINATION.**

117.24 Subdivision 1. Public emergency. Termination of an agricultural preserve earlier than  
117.25 a date derived through application of section 473H.08 may be permitted only in the event  
117.26 of a public emergency upon petition from the owner or authority to the governor. The  
117.27 determination of a public emergency shall be by the governor through executive order  
117.28 pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the preserve,  
117.29 the reasons requiring the action and the date of termination.

117.30 Subd. 2. Death of owner. (a) Within 365 days of the death of an owner, an owner's  
117.31 spouse, or other qualifying person, the surviving owner may elect to terminate the agricultural  
117.32 preserve and the covenant allowing the land to be enrolled as an agricultural preserve by

118.1 notifying the authority on a form provided by the commissioner of agriculture. Termination  
118.2 of a covenant under this subdivision must be executed and acknowledged in the manner  
118.3 required by law to execute and acknowledge a deed.

118.4 (b) For purposes of this subdivision, the following definitions apply:

118.5 (1) "qualifying person" includes a partner, shareholder, trustee for a trust that the decedent  
118.6 was the settlor or a beneficiary of, or member of an entity permitted to own agricultural  
118.7 land and engage in farming under section 500.24 that owned the agricultural preserve; and

118.8 (2) "surviving owner" includes the executor of the estate of the decedent, trustee for a  
118.9 trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm  
118.10 land under section 500.24 of which the decedent was a partner, shareholder, or member.

118.11 (c) When an agricultural preserve is terminated under this subdivision, the property is  
118.12 subject to additional taxes in an amount equal to 50 percent of the taxes actually levied  
118.13 against the property for the current taxes payable year. The additional taxes are extended  
118.14 against the property on the tax list for taxes payable in the current year. The additional taxes  
118.15 must be distributed among the jurisdictions levying taxes on the property in proportion to  
118.16 the current year's taxes.

118.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

118.18 Sec. 43. Minnesota Statutes 2016, section 473H.17, subdivision 1a, is amended to read:

118.19 **Subd. 1a. Allowed commercial and industrial operations.** (a) Commercial and industrial  
118.20 operations are not allowed on land within an agricultural preserve except:

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

118.23 (2) storage use of existing farm buildings that does not disrupt the integrity of the  
118.24 agricultural preserve; and

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

118.28 (4) wireless communication installations and related equipment and structure capable  
118.29 of providing technology potentially beneficial to farming activities. A property owner who  
118.30 installs wireless communication equipment does not violate a covenant made prior to January  
118.31 1, 2018, under section 473H.05, subdivision 1.

119.1 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" in paragraph (a), clauses  
119.2 (2) and (3), means existing on August 1, 1987.

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

119.4 Sec. 44. Minnesota Statutes 2016, section 504B.285, subdivision 1, is amended to read:

119.5 Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession  
119.6 by eviction when:

119.7 (1) any person holds over real property:

119.8 (i) after a sale of the property on an execution or judgment; or

119.9 (ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after

119.10 termination of contract to convey the property; or

119.11 (iii) after the expiration of the time for redemption on a real estate tax judgment sale;

119.12 (2) any person holds over real property after termination of the time for which it is  
119.13 demised or leased to that person or to the persons under whom that person holds possession,  
119.14 contrary to the conditions or covenants of the lease or agreement under which that person  
119.15 holds, or after any rent becomes due according to the terms of such lease or agreement; or

119.16 (3) any tenant at will holds over after the termination of the tenancy by notice to quit.

119.17 (b) A landlord may not commence an eviction action against a tenant or authorized  
119.18 occupant solely on the basis that the tenant or authorized occupant has been the victim of  
119.19 any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this  
119.20 paragraph should be construed to prohibit an eviction action based on a breach of the lease.

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

119.22 Sec. 45. Laws 1996, chapter 471, article 3, section 51, is amended to read:

119.23 **Sec. 51. RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

119.24 Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the Carlton  
119.25 county board of commissioners may levy in and for the unorganized township of Sawyer  
119.26 an amount up to \$1,500 annually for recreational purposes, ~~beginning with taxes payable~~  
119.27 ~~in 1997 and ending with taxes payable in 2006.~~

119.28 ~~Subd. 2. Effective date. This section is effective June 1, 1996, without local approval.~~

120.1 **EFFECTIVE DATE.** This section applies to taxes payable in 2018 and thereafter, and  
120.2 is effective the day after the Carlton County Board of Commissioners and its chief clerical  
120.3 officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

120.4 **Sec. 46. SOCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL**  
120.5 **ASSESSMENT.**

120.6 Any real or personal property acquired, owned, leased, controlled, used, or occupied by  
120.7 the city of St. Paul for the primary purpose of providing a stadium for a Major League  
120.8 Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for  
120.9 public, governmental, and municipal purposes, and is exempt from ad valorem taxation by  
120.10 the state or any political subdivision of the state, provided that the properties are subject to  
120.11 special assessments levied by a political subdivision for a local improvement in amounts  
120.12 proportionate to and not exceeding the special benefit received by the properties from the  
120.13 improvement. In determining the special benefit received by the properties, no possible use  
120.14 of any of the properties in any manner different from their intended use for providing a  
120.15 Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota  
120.16 Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a  
120.17 lease or use agreement between the city and another person for uses related to the purposes  
120.18 of the operation of the stadium and related parking facilities is exempt from taxation  
120.19 regardless of the length of the lease or use agreement. This section, insofar as it provides  
120.20 an exemption or special treatment, does not apply to any real property that is leased for  
120.21 residential, business, or commercial development or other purposes different from those  
120.22 necessary to the provision and operation of the stadium.

120.23 **EFFECTIVE DATE.** This section is effective upon approval by the St. Paul City  
120.24 Council and compliance with Minnesota Statutes, section 645.021.

120.25 **Sec. 47. COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF**  
120.26 **CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED**  
120.27 **PIPELINES.**

120.28 The commissioner of revenue must review all current rules and practices relating to the  
120.29 valuation of pipeline companies that are assessed by the state. The commissioner must  
120.30 determine whether current rules and practices provide accurate estimates of market value.  
120.31 By February 1, 2018, the commissioner must prepare testimony for the house of  
120.32 representatives and senate committees having jurisdiction over property taxes recommending  
120.33 changes to the rules and practices to provide more accurate assessments and reduce the

121.1 number and amount of judgments against the state and counties for state-assessed pipeline  
121.2 property. Costs associated with conducting the review required by this section must be paid  
121.3 from existing funds appropriated to the commissioner by law.

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

121.5 Sec. 48. **REPEALER.**

121.6 Minnesota Statutes 2016, section 281.22, is repealed.

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

121.8 **ARTICLE 3**

121.9 **SALES AND USE TAXES**

121.10 Section 1. **[88.068] VOLUNTEER FIRE ASSISTANCE GRANT ACCOUNT.**

121.11 A volunteer fire assistance grant account is established in the special revenue fund. Sales  
121.12 taxes allocated under section 297A.94, for making grants under section 88.067, must be  
121.13 deposited in the special revenue fund and credited to the volunteer fire assistance grant  
121.14 account. Money in the account, including interest, is appropriated to the commissioner for  
121.15 making grants under that section.

121.16 **EFFECTIVE DATE.** This section is effective beginning with deposits made in fiscal  
121.17 year 2018.

121.18 Sec. 2. Minnesota Statutes 2016, section 116J.8738, subdivision 3, is amended to read:

121.19 Subd. 3. **Certification of qualified business.** (a) A business may apply to the  
121.20 commissioner for certification as a qualified business under this section. The commissioner  
121.21 shall specify the form of the application, the manner and times for applying, and the  
121.22 information required to be included in the application. The commissioner may impose an  
121.23 application fee in an amount sufficient to defray the commissioner's cost of processing  
121.24 certifications. Application fees are deposited in the greater Minnesota business expansion  
121.25 administration account in the special revenue fund. A business must file a copy of its  
121.26 application with the chief clerical officer of the city at the same time it applies to the  
121.27 commissioner. For an agricultural processing facility located outside the boundaries of a  
121.28 city, the business must file a copy of the application with the county auditor.

121.29 (b) The commissioner shall certify each business as a qualified business that:

121.30 (1) satisfies the requirements of subdivision 2;

122.1 (2) the commissioner determines would not expand its operations in greater Minnesota  
122.2 without the tax incentives available under subdivision 4; and

122.3 (3) enters a business subsidy agreement with the commissioner that pledges to satisfy  
122.4 the minimum expansion requirements of paragraph (c) within three years or less following  
122.5 execution of the agreement.

122.6 The commissioner must act on an application within 90 days after its filing. Failure by  
122.7 the commissioner to take action within the 90-day period is deemed approval of the  
122.8 application.

122.9 (c) The business must increase the number of full-time equivalent employees in greater  
122.10 Minnesota from the time the business subsidy agreement is executed by two employees or  
122.11 ten percent, whichever is greater.

122.12 (d) The city, or a county for an agricultural processing facility located outside the  
122.13 boundaries of a city, in which the business proposes to expand its operations may file  
122.14 comments supporting or opposing the application with the commissioner. The comments  
122.15 must be filed within 30 days after receipt by the city of the application and may include a  
122.16 notice of any contribution the city or county intends to make to encourage or support the  
122.17 business expansion, such as the use of tax increment financing, property tax abatement,  
122.18 additional city or county services, or other financial assistance.

122.19 (e) Certification of a qualified business is effective for the seven-year period beginning  
122.20 on the first day of the calendar month immediately following the date that the commissioner  
122.21 informs the business of the award of the benefit unless the qualified business is investing  
122.22 at least \$200,000,000 over a ten-year period. Certification for a qualified business investing  
122.23 at least \$200,000,000 over a ten-year period is effective for the ten-year period beginning  
122.24 on the first day of the calendar month immediately following the date that the commissioner  
122.25 informs the business of the award of the benefit.

122.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

122.27 Sec. 3. Minnesota Statutes 2016, section 116J.8738, subdivision 4, is amended to read:

122.28 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax  
122.29 exemption, up to \$2,000,000 \$5,000,000 annually and \$10,000,000 \$40,000,000 during the  
122.30 total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases  
122.31 made during the period the business was certified as a qualified business under this section.  
122.32 The commissioner has discretion to set the maximum amounts of the annual and total sales  
122.33 tax exemption allowed for each qualifying business as part of the business subsidy agreement.

123.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

123.2 Sec. 4. Minnesota Statutes 2016, section 128C.24, is amended to read:

123.3 **128C.24 LEAGUE FUNDS TRANSFER.**

123.4 Beginning July 1, 2007, the Minnesota State High School League shall annually determine  
123.5 the sales tax savings attributable to section 297A.70, subdivision ~~44~~11a, and annually  
123.6 transfer that amount to a nonprofit charitable foundation created for the purpose of promoting  
123.7 high school extracurricular activities. The funds must be used by the foundation to make  
123.8 grants to fund, assist, recognize, or promote high school students' participation in  
123.9 extracurricular activities. The first priority for funding will be grants for scholarships to  
123.10 individuals to offset athletic fees. The foundation must equitably award grants based on  
123.11 considerations of gender balance, school size, and geographic location, to the extent feasible.

123.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
123.13 30, 2017, and before July 1, 2027.

123.14 Sec. 5. Minnesota Statutes 2016, section 297A.61, subdivision 3, is amended to read:

123.15 **Subd. 3. Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,  
123.16 each of the transactions listed in this subdivision. In applying the provisions of this chapter,  
123.17 the terms "tangible personal property" and "retail sale" include the taxable services listed  
123.18 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable  
123.19 services, unless specifically provided otherwise. Services performed by an employee for  
123.20 an employer are not taxable. Services performed by a partnership or association for another  
123.21 partnership or association are not taxable if one of the entities owns or controls more than  
123.22 80 percent of the voting power of the equity interest in the other entity. Services performed  
123.23 between members of an affiliated group of corporations are not taxable. For purposes of  
123.24 the preceding sentence, "affiliated group of corporations" means those entities that would  
123.25 be classified as members of an affiliated group as defined under United States Code, title  
123.26 26, section 1504, disregarding the exclusions in section 1504(b).

123.27 (b) Sale and purchase include:

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

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

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

124.4       (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding  
124.5       section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

124.6       (1) prepared food sold by the retailer;

124.7       (2) soft drinks;

124.8       (3) candy; and

124.9       (4) dietary supplements; and

124.10       (5) ~~all food sold through vending machines.~~

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

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

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

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

124.20       (2) lodging and related services by a hotel, rooming house, resort, campground, motel,  
124.21       or trailer camp, including furnishing the guest of the facility with access to telecommunication  
124.22       services, and the granting of any similar license to use real property in a specific facility,  
124.23       other than the renting or leasing of it for a continuous period of 30 days or more under an  
124.24       enforceable written agreement that may not be terminated without prior notice and including  
124.25       accommodations intermediary services provided in connection with other services provided  
124.26       under this clause;

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

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

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

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

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

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

125.13 For purposes of this clause, "road construction" means construction of:

125.14 (i) public roads;

125.15 (ii) cartways; and

125.16 (iii) private roads in townships located outside of the seven-county metropolitan area  
125.17 up to the point of the emergency response location sign; and

125.18 (6) services as provided in this clause:

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

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

125.26 (iii) building and residential cleaning, maintenance, and disinfecting services and pest  
125.27 control and exterminating services;

125.28 (iv) detective, security, burglar, fire alarm, and armored car services; but not including  
125.29 services performed within the jurisdiction they serve by off-duty licensed peace officers as  
125.30 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization  
125.31 or any organization at the direction of a county for monitoring and electronic surveillance

126.1 of persons placed on in-home detention pursuant to court order or under the direction of the  
126.2 Minnesota Department of Corrections;

126.3 (v) pet grooming services;

126.4 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
126.5 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant  
126.6 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing  
126.7 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility  
126.8 lines. Services performed under a construction contract for the installation of shrubbery,  
126.9 plants, sod, trees, bushes, and similar items are not taxable;

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

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

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

126.18 (i) A sale and a purchase includes the furnishing for a consideration of  
126.19 telecommunications services, ancillary services associated with telecommunication services,  
126.20 and pay television services. Telecommunication services include, but are not limited to, the  
126.21 following services, as defined in section 297A.669: air-to-ground radiotelephone service,  
126.22 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid  
126.23 wireless calling service, and private communication services. The services in this paragraph  
126.24 are taxed to the extent allowed under federal law.

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

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

126.32 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
126.33 products or other digital products or granting the right for a consideration to use specified

127.1 digital products or other digital products on a temporary or permanent basis and regardless  
127.2 of whether the purchaser is required to make continued payments for such right. Wherever  
127.3 the term "tangible personal property" is used in this chapter, other than in subdivisions 10  
127.4 and 38, the provisions also apply to specified digital products, or other digital products,  
127.5 unless specifically provided otherwise or the context indicates otherwise.

127.6 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,  
127.7 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event  
127.8 includes all charges included in the privilege of admission's sales price, without deduction  
127.9 for amenities that may be provided, unless the amenities are separately stated and the  
127.10 purchaser of the privilege of admission is entitled to add or decline the amenities, and the  
127.11 amenities are not otherwise taxable.

127.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
127.13 30, 2017.

127.14 Sec. 6. Minnesota Statutes 2016, section 297A.61, subdivision 34, is amended to read:

127.15 Subd. 34. **Taxable food sold through vending machines.** "Taxable food sold through  
127.16 vending machines" means taxable food under section 297A.61, subdivision 3, paragraph  
127.17 (d), dispensed from a machine or other device that accepts payment including honor  
127.18 payments.

127.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
127.20 30, 2017.

127.21 Sec. 7. Minnesota Statutes 2016, section 297A.66, subdivision 1, is amended to read:

127.22 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution  
127.23 and the laws of the United States, "retailer maintaining a place of business in this state," or  
127.24 a similar term, means a retailer:

127.25 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an  
127.26 office, place of distribution, sales, storage, or sample room or place, warehouse, or other  
127.27 place of business, including the employment of a resident of this state who works from a  
127.28 home office in this state; or

127.29 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,  
127.30 canvasser, or marketplace provider, solicitor, or other third party operating in this state  
127.31 under the authority of the retailer or its subsidiary, for any purpose, including the repairing,  
127.32 selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for

128.1 the retailer's goods or services, or the leasing of tangible personal property located in this  
128.2 state, whether the place of business or agent, representative, affiliate, salesperson, canvasser,  
128.3 or solicitor is located in the state permanently or temporarily, or whether or not the retailer,  
128.4 subsidiary, or affiliate is authorized to do business in this state. A retailer is represented by  
128.5 a marketplace provider in this state if the retailer makes sales in this state facilitated by a  
128.6 marketplace provider that maintains a place of business in this state.

128.7 (b) "Destination of a sale" means the location to which the retailer makes delivery of  
128.8 the property sold, or causes the property to be delivered, to the purchaser of the property,  
128.9 or to the agent or designee of the purchaser. The delivery may be made by any means,  
128.10 including the United States Postal Service or a for-hire carrier.

128.11 (c) "Marketplace provider" means any person who facilitates a retail sale by a retailer  
128.12 by:

128.13 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,  
128.14 services, or digital goods that are subject to tax under this chapter; and

128.15 (2) either directly or indirectly through agreements or arrangements with third parties  
128.16 collecting payment from the customer and transmitting that payment to the retailer regardless  
128.17 of whether the marketplace provider receives compensation or other consideration in  
128.18 exchange for its services.

128.19 (d) "Total taxable retail sales" means the gross receipts from the sale of all tangible  
128.20 goods, services, and digital goods subject to sales and use tax under this chapter.

128.21 Sec. 8. Minnesota Statutes 2016, section 297A.66, subdivision 2, is amended to read:

128.22 Subd. 2. **Retailer maintaining place of business in this state.** (a) Except as provided  
128.23 in paragraph (b), a retailer maintaining a place of business in this state who makes retail  
128.24 sales in Minnesota or to a destination in Minnesota shall collect sales and use taxes and  
128.25 remit them to the commissioner under section 297A.77.

128.26 (b) A retailer with total taxable retail sales to customers in this state of less than \$10,000  
128.27 in the 12-month period ending on the last day of the most recently completed calendar  
128.28 quarter is not required to collect and remit sales tax if it is determined to be a retailer  
128.29 maintaining a place of business in the state solely because it made sales through one or more  
128.30 marketplace providers. The provisions of this paragraph do not apply to a retailer that is or  
128.31 was registered to collect sales and use tax in this state.

129.1 Sec. 9. Minnesota Statutes 2016, section 297A.66, subdivision 4, is amended to read:

129.2 Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes of  
129.3 subdivision 1, paragraph (a), if the entity:

129.4 (1) the entity uses its facilities or employees in this state to advertise, promote, or facilitate  
129.5 the establishment or maintenance of a market for sales of items by the retailer to purchasers  
129.6 in this state or for the provision of services to the retailer's purchasers in this state, such as  
129.7 accepting returns of purchases for the retailer, providing assistance in resolving customer  
129.8 complaints of the retailer, or providing other services; and

129.9 (2) the retailer and the entity are related parties. has the same or a similar business name  
129.10 to the retailer and sells, from a location or locations in this state, tangible personal property,  
129.11 digital goods, or services, taxable under this chapter, that are similar to that sold by the  
129.12 retailer;

129.13 (3) maintains an office, distribution facility, salesroom, warehouse, storage place, or  
129.14 other similar place of business in this state to facilitate the delivery of tangible personal  
129.15 property, digital goods, or services sold by the retailer to its customers in this state;

129.16 (4) maintains a place of business in this state and uses trademarks, service marks, or  
129.17 trade names in this state that are the same or substantially similar to those used by the retailer,  
129.18 and that use is done with the express or implied consent of the holder of the marks or names;

129.19 (5) delivers, installs, or assembles tangible personal property in this state, or performs  
129.20 maintenance or repair services on tangible personal property in this state, for tangible  
129.21 personal property sold by the retailer;

129.22 (6) facilitates the delivery of tangible personal property to customers of the retailer by  
129.23 allowing the customers to pick up tangible personal property sold by the retailer at a place  
129.24 of business the entity maintains in this state; or

129.25 (7) shares management, business systems, business practices, or employees with the  
129.26 retailer, or engages in intercompany transactions with the retailer related to the activities  
129.27 that establish or maintain the market in this state of the retailer.

129.28 (b) Two entities are related parties under this section if one of the entities meets at least  
129.29 one of the following tests with respect to the other entity:

129.30 (1) one or both entities is a corporation, and one entity and any party related to that entity  
129.31 in a manner that would require an attribution of stock from the corporation to the party or  
129.32 from the party to the corporation under the attribution rules of section 318 of the Internal

130.1 Revenue Code owns directly, indirectly, beneficially, or constructively at least 50 percent  
130.2 of the value of the corporation's outstanding stock;

130.3 (2) one or both entities is a partnership, estate, or trust and any partner or beneficiary,  
130.4 and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly,  
130.5 beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital,  
130.6 stock, or value of the other entity or both entities; ~~or~~

130.7 (3) an individual stockholder and the members of the stockholder's family (as defined  
130.8 in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially, or  
130.9 constructively, in the aggregate, at least 50 percent of the value of both entities' outstanding  
130.10 stock; ~~;~~

130.11 (4) the entities are related within the meaning of subsections (b) and (c) of section 267  
130.12 or 707(b)(1) of the Internal Revenue Code; or

130.13 (5) the entities have one or more ownership relationships and the relationships were  
130.14 designed with a principal purpose of avoiding the application of this section.

130.15 (c) An entity is an affiliate under the provisions of this subdivision if the requirements  
130.16 of paragraphs (a) and (b) are met during any part of the 12-month period ending on the first  
130.17 day of the month before the month in which the sale was made.

130.18 Sec. 10. Minnesota Statutes 2016, section 297A.66, is amended by adding a subdivision  
130.19 to read:

130.20 Subd. 4b. Collection and remittance requirements for marketplace providers and  
130.21 marketplace retailers. (a) A marketplace provider shall collect sales and use taxes and  
130.22 remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer,  
130.23 and is subject to audit on the retail sales it facilitates unless either:

130.24 (1) the retailer provides a copy of the retailer's registration to collect sales and use tax  
130.25 in this state to the marketplace provider before the marketplace provider facilitates a sale;  
130.26 or

130.27 (2) upon inquiry by the marketplace provider or its agent, the commissioner discloses  
130.28 that the retailer is registered to collect sales and use taxes in this state.

130.29 (b) Nothing in this subdivision shall be construed to interfere with the ability of a  
130.30 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the  
130.31 requirements of this chapter.

131.1        (c) A marketplace provider is not liable under this subdivision for failure to file and  
131.2        collect and remit sales and use taxes if the marketplace provider demonstrates that the error  
131.3        was due to incorrect or insufficient information given to the marketplace provider by the  
131.4        retailer. This paragraph does not apply if the marketplace provider and the marketplace  
131.5        retailer are related as defined in subdivision 4, paragraph (b).

131.6        Sec. 11. Minnesota Statutes 2016, section 297A.67, subdivision 2, is amended to read:

131.7        **Subd. 2. Food and food ingredients.** Except as otherwise provided in this subdivision,  
131.8        food and food ingredients are exempt. For purposes of this subdivision, "food" and "food  
131.9        ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or  
131.10       dehydrated form, that are sold for ingestion or chewing by humans and are consumed for  
131.11       their taste or nutritional value. Food and food ingredients exempt under this subdivision do  
131.12       not include candy, soft drinks, ~~food sold through vending machines~~, dietary supplements,  
131.13       and prepared foods. Food and food ingredients do not include alcoholic beverages and  
131.14       tobacco. For purposes of this subdivision, "alcoholic beverages" means beverages that are  
131.15       suitable for human consumption and contain one-half of one percent or more of alcohol by  
131.16       volume. For purposes of this subdivision, "tobacco" means cigarettes, cigars, chewing or  
131.17       pipe tobacco, or any other item that contains tobacco. For purposes of this subdivision,  
131.18       "dietary supplements" means any product, other than tobacco, intended to supplement the  
131.19       diet that:

131.20       (1) contains one or more of the following dietary ingredients:

131.21       (i) a vitamin;

131.22       (ii) a mineral;

131.23       (iii) an herb or other botanical;

131.24       (iv) an amino acid;

131.25       (v) a dietary substance for use by humans to supplement the diet by increasing the total  
131.26       dietary intake; and

131.27       (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient  
131.28       described in items (i) to (v);

131.29       (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,  
131.30       or if not intended for ingestion in such form, is not represented as conventional food and is  
131.31       not represented for use as a sole item of a meal or of the diet; and

132.1       (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts  
132.2 box found on the label and as required pursuant to Code of Federal Regulations, title 21,  
132.3 section 101.36.

132.4       Sec. 12. Minnesota Statutes 2016, section 297A.67, subdivision 4, is amended to read:

132.5       **Subd. 4. Exempt meals at residential facilities.** Prepared food, candy, and soft drinks  
132.6 served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes,  
132.7 senior citizen homes, and correctional, detention, and detoxification facilities are exempt.  
132.8 Taxable food sold through vending machines is not exempt.

132.9       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
132.10 30, 2017.

132.11       Sec. 13. Minnesota Statutes 2016, section 297A.67, subdivision 5, is amended to read:

132.12       **Subd. 5. Exempt meals at schools.** Prepared food, candy, and soft drinks served at  
132.13 public and private elementary, middle, or secondary schools as defined in section 120A.05  
132.14 are exempt. Prepared food, candy, and soft drinks served to students at a college, university,  
132.15 or private career school under a board contract are exempt. Taxable food sold through  
132.16 vending machines is not exempt.

132.17       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
132.18 30, 2017.

132.19       Sec. 14. Minnesota Statutes 2016, section 297A.67, subdivision 6, is amended to read:

132.20       **Subd. 6. Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
132.21 and served exclusively to individuals who are 60 years of age or over and their spouses or  
132.22 to disabled persons and their spouses by governmental agencies, nonprofit organizations,  
132.23 or churches, or pursuant to any program funded in whole or in part through United States  
132.24 Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or served, are  
132.25 exempt. Taxable food sold through vending machines is not exempt.

132.26       (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
132.27 who are less than 14 years of age or disabled children who are less than 16 years of age and  
132.28 who are attending a child care or early childhood education program, are exempt if they  
132.29 are:

133.1       (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
133.2 subdivision 4, and that primarily serves families with income of 250 percent or less of  
133.3 federal poverty guidelines; and

133.4       (2) prepared at the site of the child care facility.

133.5       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
133.6 30, 2017.

133.7       Sec. 15. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision  
133.8 to read:

133.9       Subd. 34. Precious metal bullion. (a) Precious metal bullion is exempt. For purposes  
133.10 of this subdivision, "precious metal bullion" means bars or rounds that consist of 99.9 percent  
133.11 or more by weight of either gold, silver, platinum, or palladium and are marked with weight,  
133.12 purity, and content.

133.13       (b) The exemption under this subdivision does not apply to sales and purchases of  
133.14 jewelry, works of art, or scrap metal.

133.15       (c) The intent of this subdivision is to eliminate the difference in tax treatment between  
133.16 the sale of precious metal bullion and the sale of stock, bullion ETFs, bonds, and other  
133.17 investment instruments.

133.18       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
133.19 30, 2017.

133.20       Sec. 16. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision  
133.21 to read:

133.22       Subd. 35. Suite licenses. Suite licenses are exempt provided that: (1) the lessee may  
133.23 use the private suite, private skybox, or private box seat by mutual arrangement with the  
133.24 lessor on days when there is no amusement or athletic event; and (2) the sales price for the  
133.25 privilege of admission is separately stated and is equal to or greater than the highest priced  
133.26 general admission ticket for the closest seat not in the private suite, private skybox, or private  
133.27 box seat. The sale of the privilege of admission under section 297A.61, subdivision 3,  
133.28 paragraph (g), clause (1), to a place of amusement or athletic event does not include  
133.29 consideration paid for a license to use a private suite, private skybox, or private box seat.

133.30       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
133.31 30, 2017.

134.1 Sec. 17. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision  
134.2 to read:

134.3 **Subd. 36. Stadium builder's licenses.** Stadium builder's licenses authorized under  
134.4 section 473J.15, subdivision 14, are exempt. The sale of the privilege of admission under  
134.5 section 297A.61, subdivision 3, paragraph (g), clause (1), does not include consideration  
134.6 paid for a stadium builder's license authorized under section 473J.15, subdivision 14.

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

134.8 Sec. 18. Minnesota Statutes 2016, section 297A.68, subdivision 5, is amended to read:

134.9 **Subd. 5. Capital equipment.** (a) Capital equipment is exempt.

134.10 "Capital equipment" means machinery and equipment purchased or leased, and used in  
134.11 this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or  
134.12 refining tangible personal property to be sold ultimately at retail if the machinery and  
134.13 equipment are essential to the integrated production process of manufacturing, fabricating,  
134.14 mining, or refining. Capital equipment also includes machinery and equipment used primarily  
134.15 to electronically transmit results retrieved by a customer of an online computerized data  
134.16 retrieval system.

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

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

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

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

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

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

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

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

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

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

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

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

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

135.9 (3) building materials, except for materials included in paragraph (b), clauses (6) and  
135.10 (7);

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

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

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

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

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

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

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

135.29 (d) For purposes of this subdivision:

135.30 (1) "Equipment" means independent devices or tools separate from machinery but  
135.31 essential to an integrated production process, including computers and computer software,

136.1 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
136.2 assembly comprising a component of any machinery or accessory or attachment parts of  
136.3 machinery, such as tools, dies, jigs, patterns, and molds.

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

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

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

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

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

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

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

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

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

137.3 (11) This subdivision does not apply to telecommunications equipment as provided in  
137.4 subdivision 35a, and does not apply to wire, cable, ~~fiber, or poles, or conduit~~ for  
137.5 telecommunications services.

137.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
137.7 30, 2017.

137.8 Sec. 19. Minnesota Statutes 2016, section 297A.68, subdivision 9, is amended to read:

137.9 **Subd. 9. Super Bowl admissions and related events.** (a) The granting of the privilege  
137.10 of admission to a world championship football game sponsored by the National Football  
137.11 League is and to related events sponsored by the National Football League or its affiliates,  
137.12 or the Minnesota Super Bowl Host Committee, are exempt.

137.13 (b) The sale of nonresidential parking by the National Football League for attendance  
137.14 at a world championship football game sponsored by the National Football League and for  
137.15 related events sponsored by the National Football League or its affiliates, or the Minnesota  
137.16 Super Bowl Host Committee, is exempt. Purchases of nonresidential parking services by  
137.17 the Super Bowl Host Committee are purchases made exempt for resale.

137.18 (c) For the purposes of this subdivision:

137.19 (1) "related events sponsored by the National Football League or its affiliates" includes  
137.20 but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL On  
137.21 Location, and NFL House; and

137.22 (2) "affiliates" does not include National Football League teams.

137.23 **EFFECTIVE DATE.** The amendments to this section are effective for sales and  
137.24 purchases made after June 30, 2016, and before March 1, 2018.

137.25 Sec. 20. Minnesota Statutes 2016, section 297A.68, subdivision 19, is amended to read:

137.26 **Subd. 19. Petroleum products.** The following petroleum products are exempt:

137.27 (1) products upon which a tax has been imposed and paid under chapter 296A, and for  
137.28 which no refund has been or will be allowed because the buyer used the fuel for nonhighway  
137.29 use;

138.1       (2) products that are used in the improvement of agricultural land by constructing,  
138.2       maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water  
138.3       impoundment, and other erosion control structures;

138.4       (3) products purchased by a transit system receiving financial assistance under section  
138.5       174.24, 256B.0625, subdivision 17, or 473.384;

138.6       (4) products purchased by an ambulance service licensed under chapter 144E;

138.7       (5) products used in a passenger snowmobile, as defined in section 296A.01, subdivision  
138.8       39, for off-highway business use as part of the operations of a resort as provided under  
138.9       section 296A.16, subdivision 2, clause (2);

138.10       (6) products purchased by a state or a political subdivision of a state for use in motor  
138.11       vehicles exempt from registration under section 168.012, subdivision 1, paragraph (b);

138.12       (7) products purchased by providers of transportation to recipients of medical assistance  
138.13       home and community-based services waivers enrolled in day programs, including adult day  
138.14       care, family adult day care, day treatment and habilitation, prevocational services, and  
138.15       structured day services; ~~or~~

138.16       (8) products used in a motor vehicle used exclusively as a mobile medical unit for the  
138.17       provision of medical or dental services by a federally qualified health center, as defined  
138.18       under title 19 of the federal Social Security Act, as amended by Section 4161 of the Omnibus  
138.19       Budget Reconciliation Act of 1990-; or

138.20       (9) special fuel used for one of the following purposes:

138.21       (i) to power a refrigeration unit mounted on a licensed motor vehicle, provided that the  
138.22       unit has an engine separate from the one used to propel the vehicle and the fuel is used  
138.23       exclusively for the unit;

138.24       (ii) to power an unlicensed motor vehicle that is used solely or primarily to move  
138.25       semitrailers within a cargo yard, warehouse facility, or intermodal facility; or

138.26       (iii) to operate a power take-off unit or auxiliary engine in or on a licensed motor vehicle,  
138.27       whether or not the unit or engine is fueled from the same or a different fuel tank as that  
138.28       from which the motor vehicle is fueled.

138.29       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
138.30       30, 2017.

139.1 Sec. 21. Minnesota Statutes 2016, section 297A.68, subdivision 35a, is amended to read:

139.2 **Subd. 35a. Telecommunications or pay television services machinery and equipment.**

139.3 (a) Telecommunications or pay television services machinery and equipment purchased or  
139.4 leased for use directly by a telecommunications or pay television services provider primarily  
139.5 in the provision of telecommunications or pay television services that are ultimately to be  
139.6 sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a  
139.7 subcontractor.

139.8 (b) For purposes of this subdivision, "telecommunications or pay television machinery  
139.9 and equipment" includes, but is not limited to:

139.10 (1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying,  
139.11 processing, transmitting, retransmitting, recording, switching, or monitoring  
139.12 telecommunications or pay television services, such as computers, transformers, amplifiers,  
139.13 routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

139.14 (2) machinery, equipment, and fixtures used in the transportation of telecommunications  
139.15 or pay television services, such as radio transmitters and receivers, satellite equipment,  
139.16 microwave equipment, fiber, conduit, and other transporting media, but not wire, cable,  
139.17 fiber, or poles, or conduit;

139.18 (3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable  
139.19 the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary  
139.20 power supply, test equipment, towers, heating, ventilating, and air conditioning equipment  
139.21 necessary to the operation of the telecommunications or pay television equipment; and  
139.22 software necessary to the operation of the telecommunications or pay television equipment;  
139.23 and

139.24 (4) repair and replacement parts, including accessories, whether purchased as spare parts,  
139.25 repair parts, or as upgrades or modifications to qualified machinery or equipment.

139.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
139.27 30, 2017.

139.28 Sec. 22. Minnesota Statutes 2016, section 297A.68, is amended by adding a subdivision  
139.29 to read:

139.30 **Subd. 45. Jukebox music.** The purchase of music, either as a digital audio work or in  
139.31 tangible form such as a record or compact disc, by operators that provide the service of  
139.32 making available jukeboxes as amusement devices, as provided in section 297A.61,

140.1 subdivision 3, paragraph (g), clause (1), is exempt if the music is used exclusively for the  
140.2 jukebox.

140.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
140.4 30, 2017.

140.5 Sec. 23. Minnesota Statutes 2016, section 297A.70, subdivision 4, is amended to read:

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

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

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

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

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

140.17 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

140.18 (3) an organization that qualifies for an exemption for memberships under subdivision  
140.19 12 if the item is purchased and used in the performance of the organization's mission.

140.20 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
140.21 owned by a religious organization.

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

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

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

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

141.1 subdivision 2, except wine purchased by an established religious organization for sacramental  
141.2 purposes or as allowed under subdivision 9a; and

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

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

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

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

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

141.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
141.17 30, 2017.

141.18 Sec. 24. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
141.19 to read:

141.20 **Subd. 11a. Minnesota State High School League tickets and admissions.** Tickets and  
141.21 admissions to games, events, and activities sponsored by the Minnesota State High School  
141.22 League under chapter 128C are exempt.

141.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
141.24 30, 2017, and before July 1, 2027.

141.25 Sec. 25. Minnesota Statutes 2016, section 297A.70, subdivision 12, is amended to read:

141.26 **Subd. 12. YMCA, YWCA, and JCC, and similar memberships.** (a) The sale of  
141.27 memberships, meaning both onetime initiation fees and periodic membership dues, to an  
141.28 association incorporated under section 315.44 or an organization defined under section  
141.29 315.51, or a nonprofit organization offering similar services are exempt. However, all  
141.30 separate charges made for the privilege of having access to and the use of the association's  
141.31 sports and athletic facilities are taxable.

142.1        (b) For purposes of this subdivision, a "nonprofit organization offering similar services"  
142.2        means an exempt organization under section 501(c)(3) of the Internal Revenue Code, whose  
142.3        mission is to support youth and families through a variety of activities, including membership  
142.4        allowing access to athletic facilities, and who provide free or reduced-price memberships  
142.5        to seniors or low-income persons or families.

142.6        **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
142.7        30, 2017.

142.8        Sec. 26. Minnesota Statutes 2016, section 297A.70, subdivision 14, is amended to read:

142.9        Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible  
142.10       personal property or services at, and admission charges for fund-raising events sponsored  
142.11       by, a nonprofit organization are exempt if:

142.12       (1) all gross receipts are recorded as such, in accordance with generally accepted  
142.13       accounting practices, on the books of the nonprofit organization; and  
142.14       (2) the entire proceeds, less the necessary expenses for the event, will be used solely  
142.15       and exclusively for charitable, religious, or educational purposes. Exempt sales include the  
142.16       sale of prepared food, candy, and soft drinks at the fund-raising event.

142.17       (b) This exemption is limited in the following manner:

142.18       (1) it does not apply to admission charges for events involving bingo or other gambling  
142.19       activities or to charges for use of amusement devices involving bingo or other gambling  
142.20       activities;

142.21       (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
142.22       charitable, religious, or educational purposes;

142.23       (3) it does not apply unless the organization keeps a separate accounting record, including  
142.24       receipts and disbursements from each fund-raising event that documents all deductions from  
142.25       gross receipts with receipts and other records;

142.26       (4) it does not apply to any sale made by or in the name of a nonprofit corporation as  
142.27       the active or passive agent of a person that is not a nonprofit corporation;

142.28       (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

142.29       (6) it does not apply to fund-raising events conducted on premises leased for more than  
142.30       five ten days but less than 30 days; and

143.1       (7) it does not apply if the risk of the event is not borne by the nonprofit organization  
143.2       and the benefit to the nonprofit organization is less than the total amount of the state and  
143.3       local tax revenues forgone by this exemption.

143.4       (c) For purposes of this subdivision, a "nonprofit organization" means any unit of  
143.5       government, corporation, society, association, foundation, or institution organized and  
143.6       operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans'  
143.7       purposes, no part of the net earnings of which inures to the benefit of a private individual.

143.8       (d) For purposes of this subdivision, "fund-raising events" means activities of limited  
143.9       duration, not regularly carried out in the normal course of business, that attract patrons for  
143.10       community, social, and entertainment purposes, such as auctions, bake sales, ice cream  
143.11       socials, block parties, carnivals, competitions, concerts, concession stands, craft sales,  
143.12       bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals,  
143.13       galas, special event workshops, sporting activities such as marathons and tournaments, and  
143.14       similar events. Fund-raising events do not include the operation of a regular place of business  
143.15       in which services are provided or sales are made during regular hours such as bookstores,  
143.16       thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or  
143.17       other activities carried out in the normal course of business.

143.18       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
143.19       **30, 2017.**

143.20       Sec. 27. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
143.21       to read:

143.22       **Subd. 21. Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
143.23       of operating ice arenas or rinks that are part of the Duluth Heritage Sports Center and are  
143.24       used for youth and high school programs are exempt if the organization is a private, nonprofit  
143.25       corporation exempt from federal income taxation under section 501(c)(3) of the Internal  
143.26       Revenue Code.

143.27       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
143.28       **30, 2017.**

143.29       Sec. 28. Minnesota Statutes 2016, section 297A.71, subdivision 44, is amended to read:

143.30       **Subd. 44. Building materials, capital projects.** (a) Materials and supplies used or  
143.31       consumed in and equipment incorporated into the construction or improvement of a capital

144.1 project funded partially or wholly under section 297A.9905 are exempt, provided that the  
144.2 project has either:

144.3 (1) a total construction cost of at least \$40,000,000 within a 24-month period; or

144.4 (2) a total construction cost of at least \$100,000,000 for a sports facility project that  
144.5 begins after July 1, 2016, and before December 31, 2017.

144.6 (b) Materials and supplies used or consumed in and equipment incorporated into the  
144.7 construction, remodeling, expansion, or improvement of an ice arena or other buildings or  
144.8 facilities owned and operated by the city of Plymouth are exempt. For purposes of this  
144.9 paragraph, "facilities" include municipal streets and facilities associated with streets including  
144.10 but not limited to lighting, curbs and gutters, and sidewalks. The total amount of refund on  
144.11 all building materials, supplies, and equipment that the city may apply for under this  
144.12 paragraph is \$2,500,000.

144.13 (c) The tax on purchases exempt under this provision paragraph (a), clause (1), and  
144.14 paragraph (b), must be imposed and collected as if the rate under section 297A.62,  
144.15 subdivision 1, applied and then refunded in the manner provided in section 297A.75.  
144.16 Notwithstanding section 289A.40, the city of Plymouth must file for refund by December  
144.17 31, 2017, for sales tax paid on all eligible purchases under paragraph (b) made prior to  
144.18 December 31, 2015.

144.19 (d) The exemption under paragraph (a), clause (2), expires one year after the date that  
144.20 the first major sports game is played at the sports facility.

144.21 **EFFECTIVE DATE.** (a) The amendment adding paragraph (b) and to paragraph (c) is  
144.22 effective retroactively for sales and purchases made after January 1, 2013.

144.23 (b) The amendment adding paragraph (d) and to paragraph (a) is effective the day  
144.24 following final enactment.

144.25 Sec. 29. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
144.26 to read:

144.27 **Subd. 49. Construction materials purchased by contractors; exemption for certain  
144.28 entities.** (a) Building, construction, or reconstruction materials and supplies used or consumed  
144.29 in, and equipment incorporated into, buildings or facilities used principally by the following  
144.30 entities are exempt:

144.31 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c);

144.32 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d);

145.1        (3) hospitals and nursing homes owned and operated by political subdivisions of the  
145.2        state, as defined under section 297A.70, subdivision 2, paragraph (a), clause (3);  
145.3        (4) public libraries; library systems; multicounty, multitype library systems, as defined  
145.4        in section 134.001; and county law libraries under chapter 134A;  
145.5        (5) nonprofit groups, as defined under section 297A.70, subdivision 4;  
145.6        (6) hospitals, outpatient surgical centers, and critical access dental providers, as defined  
145.7        under section 297A.70, subdivision 7; and  
145.8        (7) nursing homes and boarding care homes, as defined under section 297A.70,  
145.9        subdivision 18.

145.10        (b) Materials and supplies used and consumed in, and equipment incorporated into, the  
145.11        construction, reconstruction, repair, maintenance, or improvement of public infrastructure  
145.12        of any kind including, but not limited to, roads, bridges, culverts, drinking water facilities,  
145.13        and wastewater facilities purchased by a contractor or subcontractor of the following entities  
145.14        are exempt:

145.15        (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c); or  
145.16        (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d).  
145.17        (c) The tax on purchases exempt under this subdivision must be imposed and collected  
145.18        as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner  
145.19        provided in section 297A.75.

145.20        **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
145.21        30, 2017.

145.22        Sec. 30. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
145.23        to read:

145.24        **Subd. 50. Properties destroyed by fire.** Building materials and supplies used in, and  
145.25        equipment incorporated into, the construction or replacement of real property that is located  
145.26        in Madelia affected by the fire on February 3, 2016, are exempt. The tax must be imposed  
145.27        and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
145.28        in the manner provided in section 297A.75.

145.29        **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
145.30        made after December 31, 2015, and before July 1, 2018.

146.1 Sec. 31. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
146.2 to read:

146.3 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used in,  
146.4 and equipment incorporated into, the construction or replacement of real property that is  
146.5 located in Melrose affected by the fire on September 8, 2016, are exempt.

146.6 (b) For sales and purchases made after September 30, 2016, and before July 1, 2017,  
146.7 the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1,  
146.8 applied and then refunded in the manner provided in section 297A.75.

146.9 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
146.10 made after September 30, 2016, and before January 1, 2019. Paragraph (b) is effective for  
146.11 sales and purchases made after September 30, 2016, and before July 1, 2017.

146.12 Sec. 32. Minnesota Statutes 2016, section 297A.75, subdivision 1, is amended to read:

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

146.16 (1) building materials for an agricultural processing facility exempt under section  
146.17 297A.71, subdivision 13;

146.18 (2) building materials for mineral production facilities exempt under section 297A.71,  
146.19 subdivision 14;

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

146.21 (4) building materials used in a residence for disabled veterans exempt under section  
146.22 297A.71, subdivision 11;

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

146.24 (6) materials and supplies for qualified low-income housing under section 297A.71,  
146.25 subdivision 23;

146.26 (7) materials, supplies, and equipment for municipal electric utility facilities under  
146.27 section 297A.71, subdivision 35;

146.28 (8) equipment and materials used for the generation, transmission, and distribution of  
146.29 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
146.30 37;

147.1        (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
147.2        (a), clause (10);

147.3        (10) materials, supplies, and equipment for construction or improvement of projects and  
147.4        facilities under section 297A.71, subdivision 40;

147.5        (11) materials, supplies, and equipment for construction, improvement, or expansion  
147.6        of:

147.7        (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
147.8        section 297A.71, subdivision 42;

147.9        (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
147.10        45;

147.11        (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
147.12        297A.71, subdivision 46; and

147.13        (iv) an industrial measurement manufacturing and controls facility exempt under  
147.14        Minnesota Statutes 2014, section 297A.71, subdivision 47;

147.15        (12) enterprise information technology equipment and computer software for use in a  
147.16        qualified data center exempt under section 297A.68, subdivision 42;

147.17        (13) materials, supplies, and equipment for qualifying capital projects under section  
147.18        297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

147.19        (14) items purchased for use in providing critical access dental services exempt under  
147.20        section 297A.70, subdivision 7, paragraph (c); and

147.21        (15) items and services purchased under a business subsidy agreement for use or  
147.22        consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
147.23        44-2;

147.24        (16) building construction or reconstruction materials, supplies, and equipment purchased  
147.25        by an entity eligible under section 297A.71, subdivision 49;

147.26        (17) building materials, equipment, and supplies for constructing or replacing real  
147.27        property exempt under section 297A.71, subdivision 50; and

147.28        (18) building materials, equipment, and supplies for constructing or replacing real  
147.29        property exempt under section 297A.71, subdivision 51, paragraph (b).

147.30        **EFFECTIVE DATE.** (a) The amendment adding clause (16) is effective for sales and  
147.31        purchases made after June 30, 2017.

148.1        (b) The amendment adding clause (17) is effective retroactively for sales and purchases  
148.2        made after December 31, 2015.

148.3        (c) The amendment adding clause (18) is effective retroactively for sales and purchases  
148.4        made after September 30, 2016.

148.5        Sec. 33. Minnesota Statutes 2016, section 297A.75, subdivision 2, is amended to read:

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

148.9        (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

148.10       (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

148.11       (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits

148.12       provided in United States Code, title 38, chapter 21;

148.13       (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
148.14       property;

148.15       (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

148.16       (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
148.17       joint venture of municipal electric utilities;

148.18       (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
148.19       business; ~~and~~

148.20       (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental  
148.21       entity that owns or contracts for the project or facility;<sub>2</sub>

148.22       (9) for subdivision 1, clause (16), the applicant must be the entity eligible under section  
148.23       297A.71, subdivision 49;

148.24       (10) for subdivision 1, clause (17), the applicant must be the owner or developer of the  
148.25       building or project; and

148.26       (11) for subdivision 1, clause (18), the applicant must be the owner or developer of the  
148.27       building or project.

148.28       **EFFECTIVE DATE.** (a) The amendment adding clause (9) is effective for sales and  
148.29       purchases made after June 30, 2017.

149.1        (b) The amendment adding clause (10) is effective retroactively for sales and purchases  
149.2        made after December 31, 2015.

149.3        (c) The amendment adding clause (11) is effective retroactively for sales and purchases  
149.4        made after September 30, 2016.

149.5        Sec. 34. Minnesota Statutes 2016, section 297A.75, subdivision 3, is amended to read:

149.6        Subd. 3. **Application.** (a) The application must include sufficient information to permit  
149.7        the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
149.8        or builder, under subdivision 1, clauses (3) to (13); or (15); to (18), the contractor,  
149.9        subcontractor, or builder must furnish to the refund applicant a statement including the cost  
149.10       of the exempt items and the taxes paid on the items unless otherwise specifically provided  
149.11       by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
149.12       this section.

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

149.15       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
149.16       30, 2017.

149.17       Sec. 35. Minnesota Statutes 2016, section 297A.75, subdivision 5, is amended to read:

149.18       Subd. 5. **Appropriation.** (a) The amount required to make the refunds is annually  
149.19       appropriated to the commissioner.

149.20       (b) For fiscal years 2018 and 2019 only, revenues dedicated under the Minnesota  
149.21       Constitution, article XI, section 15, shall not be reduced for any portion of the refunds paid  
149.22       for the following exemptions:

149.23       (1) the exemption under section 297A.71, subdivision 44, paragraph (b);  
149.24       (2) the expansion of the exemption under section 297A.68, subdivision 44, due to sections  
149.25       2 and 3; and

149.26       (3) the exemptions in section 297A.71, subdivisions 49, 50, and 51.

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

149.28       Sec. 36. Minnesota Statutes 2016, section 297A.94, is amended to read:

149.29       **297A.94 DEPOSIT OF REVENUES.**

150.1       (a) Except as provided in this section, the commissioner shall deposit the revenues,  
150.2       including interest and penalties, derived from the taxes imposed by this chapter in the state  
150.3       treasury and credit them to the general fund.

150.4       (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
150.5       account in the special revenue fund if:

150.6       (1) the taxes are derived from sales and use of property and services purchased for the  
150.7       construction and operation of an agricultural resource project; and

150.8       (2) the purchase was made on or after the date on which a conditional commitment was  
150.9       made for a loan guaranty for the project under section 41A.04, subdivision 3.

150.10      The commissioner of management and budget shall certify to the commissioner the date on  
150.11      which the project received the conditional commitment. The amount deposited in the loan  
150.12      guaranty account must be reduced by any refunds and by the costs incurred by the Department  
150.13      of Revenue to administer and enforce the assessment and collection of the taxes.

150.14       (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
150.15       from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
150.16       paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

150.17       (1) first to the general obligation special tax bond debt service account in each fiscal  
150.18       year the amount required by section 16A.661, subdivision 3, paragraph (b); and

150.19       (2) after the requirements of clause (1) have been met, the balance to the general fund.

150.20       (d) The commissioner shall deposit the revenues, including interest and penalties,  
150.21       collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
150.22       general fund. By July 15 of each year the commissioner shall transfer to the highway user  
150.23       tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
150.24       subdivision 5, for the previous calendar year.

150.25       (e) 72.43 percent of the revenues, including interest and penalties, transmitted to the  
150.26       commissioner under section 297A.65, must be deposited by the commissioner in the state  
150.27       treasury as follows:

150.28       (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
150.29       the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
150.30       fish and wildlife resources, including conservation, restoration, and enhancement of land,  
150.31       water, and other natural resources of the state;

151.1 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
151.2 be spent only for state parks and trails;

151.3 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
151.4 be spent only on metropolitan park and trail grants;

151.5 (4) three percent of the receipts must be deposited in the natural resources fund, and  
151.6 may be spent only on local trail grants; and

151.7 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
151.8 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
151.9 and the Duluth Zoo.

151.10 (f) The revenue dedicated under paragraph (e) may not be used as a substitute for  
151.11 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
151.12 supplement traditional sources of funding for those purposes. Land acquired with money  
151.13 deposited in the game and fish fund under paragraph (e) must be open to public hunting  
151.14 and fishing during the open season, except that in aquatic management areas or on lands  
151.15 where angling easements have been acquired, fishing may be prohibited during certain times  
151.16 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
151.17 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
151.18 resources under paragraph (e) must be allocated for field operations.

151.19 (g) The commissioner must deposit the revenues, including interest and penalties minus  
151.20 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
151.21 that may be sold to persons 18 years old or older and that are not prohibited from use by  
151.22 the general public under section 624.21, in the state treasury and credit:

151.23 (1) 25 percent to the volunteer fire assistance grant account established under section  
151.24 88.068;

151.25 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
151.26 3; and

151.27 (3) the remainder to the general fund.

151.28 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
151.29 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
151.30 sold to persons 18 years old or older and are not prohibited from use by the general public  
151.31 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
151.32 the state, with the percentage determined under section 38.

152.1        ~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include the revenues,  
152.2 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
152.3 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
152.4 article XI, section 15.

152.5        **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
152.6 December 31, 2017.

152.7        Sec. 37. Minnesota Statutes 2016, section 297A.9905, is amended to read:

152.8        **297A.9905 USE OF LOCAL TAX REVENUES BY CITIES OF THE FIRST CLASS.**

152.9        (a) Notwithstanding section 297A.99, or other general or special law or charter provision,  
152.10 if the revenues from any local tax imposed on retail sales under special law by a city of the  
152.11 first class exceeds the amount needed to fund the uses authorized in the special law, the city  
152.12 may expend the excess revenue from the tax to fund other capital projects of regional  
152.13 significance.

152.14        (b) For purposes of this section:

152.15        (1) "city of the first class" has the meaning given in section 410.01; and  
152.16        (2) "capital project of regional significance" means construction, expansion, or renovation  
152.17 of a sports facility or convention or civic center, ~~that has a construction cost of at least~~  
152.18 \$40,000,000 that meets the requirements of section 297A.71, subdivision 44, paragraph (a).

152.19        **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
152.20 day of final enactment.

152.21        Sec. 38. **CALCULATION OF THE PERCENT OF SALES TAX REVENUE**

152.22        **ATTRIBUTABLE TO THE SALE OF CERTAIN FIREWORKS-RELATED ITEMS.**

152.23        By December 1, 2017, the commissioner of revenue must estimate the percentage of  
152.24 total sales tax revenues collected in calendar year 2016 that is attributable to the sales and  
152.25 purchases of items regulated under Minnesota Statutes, section 624.20, subdivision 1, that  
152.26 are allowed to be sold to persons 18 years old or older and that are not prohibited from use  
152.27 by the general public under section 624.21. When making the determination, the  
152.28 commissioner may consult with representatives from producers and retailers, industry trade  
152.29 groups, and the most recently available national and state information. The commissioner's  
152.30 decision is final. The commissioner's determination under this section is not a rule and is  
152.31 not subject to Minnesota Statutes, chapter 14, including section 14.386.

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

153.2 **Sec. 39. SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS USED**

153.3 **BY A NONPROFIT ECONOMIC DEVELOPMENT CORPORATION.**

153.4 **Subdivision 1. Exemption; refund.** Materials and supplies used or consumed in and  
153.5 equipment incorporated into the construction of a retail development consisting of retail  
153.6 space for a grocery store, fueling center, and other retail space by a nonprofit economic  
153.7 development corporation that is an exempt organization under section 501(c)(3) of the  
153.8 Internal Revenue Code are exempt from sales and use tax under Minnesota Statutes, chapter  
153.9 297A, provided that the development is located in a city with no grocery store and the city  
153.10 is at least 20 miles from another city with a grocery store. The exemption applies to materials,  
153.11 supplies, and equipment purchased after January 1, 2013, and before January 1, 2017. The  
153.12 tax must be imposed and collected as if the rate in Minnesota Statutes, section 297A.62,  
153.13 applied and the nonprofit economic development corporation must apply for the refund of  
153.14 the tax in the same manner as provided under Minnesota Statutes, section 297A.75,  
153.15 subdivision 1, clause (11). Notwithstanding Minnesota Statutes, section 289A.40, the  
153.16 economic development corporation must file for refund by December 31, 2017, for the sales  
153.17 and use tax paid on all eligible purchases under this section.

153.18 **Subd. 2. Appropriation.** The amount required to pay the refunds under subdivision 1,  
153.19 including refunds that would otherwise reduce the revenues transferred from the general  
153.20 fund as required under the Minnesota Constitution, article XI, section 15, is appropriated  
153.21 from the general fund to the commissioner of revenue.

153.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
153.23 applies retroactively to sales and purchases made after January 1, 2013, and before January  
153.24 1, 2017.

153.25 **Sec. 40. CERTAIN REIMBURSEMENT AUTHORIZED; CONSIDERED**

153.26 **OPERATING OR CAPITAL EXPENSES.**

153.27 **Subdivision 1. Reimbursement authorized.** (a) An amount equivalent to the taxes paid  
153.28 under Minnesota Statutes, chapter 297A, and any local taxes administered by the Department  
153.29 of Revenue, on purchases of tangible personal property, nonresidential parking services,  
153.30 and lodging, as these terms are defined in Minnesota Statutes, chapter 297A, used and  
153.31 consumed in connection with Super Bowl LII or related events sponsored by the National  
153.32 Football League or its affiliates, will be reimbursed by the Minnesota Sports Facilities  
153.33 Authority up to \$1,600,000, if made after June 30, 2016, and before March 1, 2018. Only

154.1 purchases made by the Minnesota Super Bowl Host Committee, the National Football  
154.2 League or its affiliates, or their employees or independent contractors, qualify to be  
154.3 reimbursed under this section.

154.4 (b) For purposes of this subdivision:

154.5 (1) "employee or independent contractor" means only those employees or independent  
154.6 contractors that make qualifying purchases that are reimbursed by the Minnesota Super  
154.7 Bowl Host Committee or the National Football League or its affiliates; and

154.8 (2) "related events sponsored by the National Football League or its affiliates" includes  
154.9 but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL Honors,  
154.10 and NFL House.

154.11 Subd. 2. **Operating reserve and capital reserve fund.** Notwithstanding the requirements  
154.12 of Minnesota Statutes, section 473J.13, subdivisions 2 and 4, up to \$1,600,000 of the balance  
154.13 in the operating reserve or capital reserve fund may be used for the purposes of paying  
154.14 reimbursements authorized under subdivision 1.

154.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
154.16 30, 2016, and before March 1, 2018.

154.17 Sec. 41. **REIMBURSEMENTS TO CERTAIN CONSTITUTIONALLY DEDICATED**  
154.18 **FUNDS FOR EXPANDED SALES TAX EXEMPTIONS.**

154.19 The commissioner of management and budget, by June 15 in fiscal years 2018 and 2019  
154.20 only, shall increase the revenues transferred from the general fund as required under the  
154.21 Minnesota Constitution, article XI, section 15, by an amount equal to the estimated amount  
154.22 of reduction to these revenues for that fiscal year due to the enactment of new sales tax  
154.23 exemptions or the expansion of existing sales tax exemptions provided in sections 5, 6, 11  
154.24 to 19, 21 to 27, and 31, the amendments to paragraph (a) and adding paragraph (d) to  
154.25 Minnesota Statutes, section 297A.71, subdivision 44, in section 28, and changes in tobacco  
154.26 taxes under Minnesota Statutes, chapter 297F, in article 9. The commissioner of revenue  
154.27 shall make the estimate of this revenue reduction by June 1 of each fiscal year and inform  
154.28 the commissioner of management and budget. The appropriations under this section are  
154.29 onetime and not added to the base budget.

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

155.1 **Sec. 42. SEVERABILITY.**

155.2 If any provision of sections 7 to 10 or the application thereof is held invalid, such  
155.3 invalidity shall not affect the provisions or applications of the sections that can be given  
155.4 effect without the invalid provisions or applications.

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

155.6 **Sec. 43. EFFECTIVE DATE.**

155.7 (a) The provisions of sections 7 to 10 are effective at the earlier of:  
155.8 (1) a decision by the United States Supreme Court modifying its decision in Quill Corp.  
155.9 v. North Dakota, 504 U.S. 298 (1992) so that a state may require retailers without a physical  
155.10 presence in the state to collect and remit sales tax; or

155.11 (2) July 1, 2019.

155.12 (b) Notwithstanding paragraph (a) or the provisions of sections 7 to 10, if a federal law  
155.13 is enacted authorizing a state to impose a requirement to collect and remit sales tax on  
155.14 retailers without a physical presence in the state, the commissioner must enforce the  
155.15 provisions of this section and sections 7 to 10 to the extent allowed under federal law.

155.16 (c) The commissioner of revenue shall notify the revisor of statutes when either of the  
155.17 provisions in paragraph (a) or (b) apply.

155.18 **ARTICLE 4**155.19 **AIDS AND CREDITS**

155.20 Section 1. Minnesota Statutes 2016, section 123B.53, subdivision 4, is amended to read:

155.21 **Subd. 4. Debt service equalization revenue.** (a) The debt service equalization revenue  
155.22 of a district equals the sum of the first tier debt service equalization revenue and the second  
155.23 tier debt service equalization revenue.

155.24 (b) The first tier debt service equalization revenue of a district equals the greater of zero  
155.25 or the eligible debt service revenue minus the amount raised by a levy of ~~15.74 percent~~ the  
155.26 first tier initial effort rate times the adjusted net tax capacity of the district minus the second  
155.27 tier debt service equalization revenue of the district.

155.28 (c) The second tier debt service equalization revenue of a district equals the greater of  
155.29 zero or the eligible debt service revenue, minus the amount raised by a levy of 26.24 percent  
155.30 times the adjusted net tax capacity of the district.

156.1        (d) The first tier initial effort rate for fiscal year 2018 is 15.74 percent. The first tier  
156.2        initial effort rate for fiscal year 2019 and fiscal year 2020 is ten percent. The first tier initial  
156.3        effort rate for fiscal year 2021 and later is 15.74 percent.

156.4        **EFFECTIVE DATE.** This section is effective July 1, 2017.

156.5        Sec. 2. Minnesota Statutes 2016, section 123B.53, subdivision 5, is amended to read:

156.6        **Subd. 5. Equalized debt service levy.** (a) The equalized debt service levy of a district  
156.7        equals the sum of the first tier equalized debt service levy and the second tier equalized debt  
156.8        service levy.

156.9        (b) A district's first tier equalized debt service levy equals the district's first tier debt  
156.10        service equalization revenue times the lesser of one or the ratio of:

156.11        (1) the quotient derived by dividing the adjusted net tax capacity of the district for the  
156.12        year before the year the levy is certified by the adjusted pupil units in the district for the  
156.13        school year ending in the year prior to the year the levy is certified; to

156.14        (2) ~~\$3,400 in fiscal year 2016, \$4,430 in fiscal year 2017, and the greater of \$4,430 or~~  
156.15        ~~55.33 percent of the initial equalizing factor in fiscal year 2018 and later, 75 percent of the~~  
156.16        ~~initial equalizing factor in fiscal year 2019 and fiscal year 2020, and 55.33 percent of the~~  
156.17        ~~initial equalizing factor in fiscal year 2021 and later.~~

156.18        (c) A district's second tier equalized debt service levy equals the district's second tier  
156.19        debt service equalization revenue times the lesser of one or the ratio of:

156.20        (1) the quotient derived by dividing the adjusted net tax capacity of the district for the  
156.21        year before the year the levy is certified by the adjusted pupil units in the district for the  
156.22        school year ending in the year prior to the year the levy is certified; to

156.23        (2) \$8,000 in fiscal years 2016 and 2017, and the greater of \$8,000 or 100 percent of  
156.24        the initial equalizing factor in fiscal year 2018 and later.

156.25        (d) For the purposes of this subdivision, the initial equalizing factor equals the quotient  
156.26        derived by dividing the total adjusted net tax capacity of all school districts in the state for  
156.27        the year before the year the levy is certified by the total number of adjusted pupil units in  
156.28        all school districts in the state in the year before the year the levy is certified.

156.29        **EFFECTIVE DATE.** This section is effective July 1, 2017.

157.1 Sec. 3. Minnesota Statutes 2016, section 127A.45, subdivision 10, is amended to read:

157.2 **Subd. 10. Payments to school nonoperating funds.** Each fiscal year state general fund  
157.3 payments for a district nonoperating fund must be made at the current year aid payment  
157.4 percentage of the estimated entitlement during the fiscal year of the entitlement. This amount  
157.5 shall be paid in ~~12~~ six equal monthly installments beginning in July. The amount of the  
157.6 actual entitlement, after adjustment for actual data, minus the payments made during the  
157.7 fiscal year of the entitlement must be paid prior to October 31 of the following school year.  
157.8 The commissioner may make advance payments of debt service equalization aid and  
157.9 state-paid tax credits for a district's debt service fund earlier than would occur under the  
157.10 preceding schedule if the district submits evidence showing a serious cash flow problem in  
157.11 the fund. The commissioner may make earlier payments during the year and, if necessary,  
157.12 increase the percent of the entitlement paid to reduce the cash flow problem.

157.13 **EFFECTIVE DATE.** This section is effective beginning with fiscal year 2019.

157.14 Sec. 4. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

157.15 **Subdivision 1. Eligibility.** All class 2a, 2b, and 2c property under section 273.13,  
157.16 subdivision 23, other than property consisting of the house, garage, and immediately  
157.17 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit  
157.18 under this section.

157.19 **Subd. 2. Credit amount.** For each qualifying property, the school building bond  
157.20 agricultural credit is equal to 40 percent of the property's eligible net tax capacity multiplied  
157.21 by the school debt tax rate determined under section 275.08, subdivision 1b.

157.22 **Subd. 3. Credit reimbursements.** The county auditor shall determine the tax reductions  
157.23 allowed under this section within the county for each taxes payable year and shall certify  
157.24 that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted  
157.25 under section 275.29. Any prior year adjustments shall also be certified on the abstracts of  
157.26 tax lists. The commissioner shall review the certifications for accuracy, and may make such  
157.27 changes as are deemed necessary, or return the certification to the county auditor for  
157.28 correction. The credit under this section must be used to reduce the school district net tax  
157.29 capacity-based property tax as provided in section 273.1393.

157.30 **Subd. 4. Payment.** The commissioner of revenue shall certify the total of the tax  
157.31 reductions granted under this section for each taxes payable year within each school district  
157.32 to the commissioner of education, who shall pay the reimbursement amounts to each school  
157.33 district as provided in section 273.1392.

158.1      Subd. 5. Appropriation. An amount sufficient to make the payments required by this  
158.2      section is annually appropriated from the general fund to the commissioner of education.

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

158.4      Sec. 5. Minnesota Statutes 2016, section 273.1392, is amended to read:

158.5      **273.1392 PAYMENT; SCHOOL DISTRICTS.**

158.6      The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
158.7      conservation tax credits under section 273.119; disaster or emergency reimbursement under  
158.8      sections 273.1231 to 273.1235; ~~homestead and agricultural credits under section~~ sections  
158.9      273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property  
158.10     credit payments under section 469.171; and metropolitan agricultural preserve reduction  
158.11     under section 473H.10 for school districts, shall be certified to the Department of Education  
158.12     by the Department of Revenue. The amounts so certified shall be paid according to section  
158.13     127A.45, subdivisions 9, 10, and 13.

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

158.15      Sec. 6. Minnesota Statutes 2016, section 273.1393, is amended to read:

158.16      **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

158.17      Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
158.18      by subtracting the credits in the order listed from the gross tax:

158.19      (1) disaster credit as provided in sections 273.1231 to 273.1235;

158.20      (2) powerline credit as provided in section 273.42;

158.21      (3) agricultural preserves credit as provided in section 473H.10;

158.22      (4) enterprise zone credit as provided in section 469.171;

158.23      (5) disparity reduction credit;

158.24      (6) conservation tax credit as provided in section 273.119;

158.25      (7) the school bond credit as provided in section 273.1387;

158.26      (8) agricultural credit as provided in section 273.1384;

158.27      (8) (9) taconite homestead credit as provided in section 273.135;

158.28      (9) (10) supplemental homestead credit as provided in section 273.1391; and

158.29      (10) the bovine tuberculosis zone credit, as provided in section 273.113.

159.1      The combination of all property tax credits must not exceed the gross tax amount.

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

159.3      Sec. 7. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

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

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

159.11     (c) The notice must inform taxpayers that it contains the amount of property taxes each  
159.12      taxing authority proposes to collect for taxes payable the following year. In the case of a  
159.13      town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
159.14      The notice must clearly state for each city that has a population over 500, county, school  
159.15      district, regional library authority established under section 134.201, and metropolitan taxing  
159.16      districts as defined in paragraph (i), the time and place of a meeting for each taxing authority  
159.17      in which the budget and levy will be discussed and public input allowed, prior to the final  
159.18      budget and levy determination. The taxing authorities must provide the county auditor with  
159.19      the information to be included in the notice on or before the time it certifies its proposed  
159.20      levy under subdivision 1. The public must be allowed to speak at that meeting, which must  
159.21      occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone  
159.22      number for the taxing authority that taxpayers may call if they have questions related to the  
159.23      notice and an address where comments will be received by mail, except that no notice  
159.24      required under this section shall be interpreted as requiring the printing of a personal  
159.25      telephone number or address as the contact information for a taxing authority. If a taxing  
159.26      authority does not maintain public offices where telephone calls can be received by the  
159.27      authority, the authority may inform the county of the lack of a public telephone number and  
159.28      the county shall not list a telephone number for that taxing authority.

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

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

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

160.3 (2) the items listed below, shown separately by county, city or town, and state general  
160.4 tax, agricultural homestead credit under section 273.1384, school building bond agricultural  
160.5 credit under section 273.1387, voter approved school levy, other local school levy, and the  
160.6 sum of the special taxing districts, and as a total of all taxing authorities:

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

160.8 (ii) the proposed tax amount.

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

160.12 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
160.13 unless the town changes its levy at a special town meeting under section 365.52. If a school  
160.14 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
160.15 in the school district at the November general election, the county auditor must note next  
160.16 to the school district's proposed amount that a referendum is pending and that, if approved  
160.17 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
160.18 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
160.19 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
160.20 the St. Paul Library Agency must be listed separately from the remaining amount of the  
160.21 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
160.22 listed separately from the remaining amount of the county's levy. In the case of a parcel  
160.23 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
160.24 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
160.25 capacity subject to the areawide tax must each be stated separately and not included in the  
160.26 sum of the special taxing districts; and

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

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

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

161.1        (1) special assessments;

161.2        (2) levies approved by the voters after the date the proposed taxes are certified, including

161.3        bond referenda and school district levy referenda;

161.4        (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday

161.5        in November of the levy year as provided under section 275.73;

161.6        (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring

161.7        after the date the proposed taxes are certified;

161.8        (5) amounts necessary to pay tort judgments against the taxing authority that become

161.9        final after the date the proposed taxes are certified; and

161.10       (6) the contamination tax imposed on properties which received market value reductions

161.11       for contamination.

161.12       (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the

161.13       county treasurer to deliver the notice as required in this section does not invalidate the

161.14       proposed or final tax levy or the taxes payable pursuant to the tax levy.

161.15       (g) If the notice the taxpayer receives under this section lists the property as

161.16       nonhomestead, and satisfactory documentation is provided to the county assessor by the

161.17       applicable deadline, and the property qualifies for the homestead classification in that

161.18       assessment year, the assessor shall reclassify the property to homestead for taxes payable

161.19       in the following year.

161.20       (h) In the case of class 4 residential property used as a residence for lease or rental

161.21       periods of 30 days or more, the taxpayer must either:

161.22       (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,

161.23       or lessee; or

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

161.25       The notice must be mailed or posted by the taxpayer by November 27 or within three

161.26       days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer

161.27       of the address of the taxpayer, agent, caretaker, or manager of the premises to which the

161.28       notice must be mailed in order to fulfill the requirements of this paragraph.

161.29       (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing

161.30       districts" means the following taxing districts in the seven-county metropolitan area that

161.31       levy a property tax for any of the specified purposes listed below:

162.1 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
162.2 473.521, 473.547, or 473.834;

162.3 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and  
162.4 (3) Metropolitan Mosquito Control Commission under section 473.711.

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

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

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

162.17 (2) population growth and decline;

162.18 (3) state or federal government action; and

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

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

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

162.26 Sec. 8. Minnesota Statutes 2016, section 275.07, subdivision 2, is amended to read:

162.27 Subd. 2. **School district in more than one county levies; special requirements.** (a) In  
162.28 school districts lying in more than one county, the clerk shall certify the tax levied to the  
162.29 auditor of the county in which the administrative offices of the school district are located.

162.30 **(b) The district must identify the portion of the school district levy that is levied for debt**  
162.31 **service at the time the levy is certified under this section. For the purposes of this paragraph,**

163.1    "levied for debt service" means levies authorized under sections 123B.53, 123B.535, and  
163.2    123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions  
163.3    under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment  
163.4    of other postemployment benefits under section 475.52, subdivision 6.

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

163.6    Sec. 9. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

163.7    Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net  
163.8    tax capacity under section 275.07 by an individual local government unit shall be divided  
163.9    by the total net tax capacity of all taxable properties within the local government unit's  
163.10    taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by  
163.11    each property's net tax capacity shall be each property's net tax capacity tax for that local  
163.12    government unit before reduction by any credits.

163.13    (b) The auditor must also determine the school debt tax rate for each school district equal  
163.14    to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by  
163.15    (2) the total net tax capacity of all taxable property within the district.

163.16    (c) Any amount certified to the county auditor to be levied against market value shall  
163.17    be divided by the total referendum market value of all taxable properties within the taxing  
163.18    district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each  
163.19    property's referendum market value shall be each property's new referendum tax before  
163.20    reduction by any credits. For the purposes of this subdivision, "referendum market value"  
163.21    means the market value as defined in section 126C.01, subdivision 3.

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

163.23    Sec. 10. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

163.24    Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
163.25    the tax statements. The commissioner of revenue shall prescribe the form of the property  
163.26    tax statement and its contents. The tax statement must not state or imply that property tax  
163.27    credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
163.28    of the dollar amount due to each taxing authority and the amount of the state tax from the  
163.29    parcel of real property for which a particular tax statement is prepared. The dollar amounts  
163.30    attributable to the county, the state tax, the voter approved school tax, the other local school  
163.31    tax, the township or municipality, and the total of the metropolitan special taxing districts  
163.32    as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The

164.1 amounts due all other special taxing districts, if any, may be aggregated except that any  
164.2 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
164.3 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
164.4 under the appropriate county's levy. If the county levy under this paragraph includes an  
164.5 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
164.6 the amount attributable for that purpose must be separately stated from the remaining county  
164.7 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
164.8 an amount for public library service under section 134.07, the amount attributable for that  
164.9 purpose may be separated from the remaining county levy amount. The amount of the tax  
164.10 on homesteads qualifying under the senior citizens' property tax deferral program under  
164.11 chapter 290B is the total amount of property tax before subtraction of the deferred property  
164.12 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
164.13 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
164.14 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
164.15 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
164.16 even-numbered dollar. The amount of market value excluded under section 273.11,  
164.17 subdivision 16, if any, must also be listed on the tax statement.

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

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

- 164.25 (1) the property's estimated market value under section 273.11, subdivision 1;
- 164.26 (2) the property's homestead market value exclusion under section 273.13, subdivision  
164.27 35;
- 164.28 (3) the property's taxable market value under section 272.03, subdivision 15;
- 164.29 (4) the property's gross tax, before credits;
- 164.30 (5) for ~~homestead~~ agricultural properties, the ~~credit credits under section sections~~  
164.31 273.1384 and 273.1387;
- 164.32 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
164.33 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit

165.1 received under section 273.135 must be separately stated and identified as "taconite tax  
165.2 relief"; and

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

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

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

165.13 Sec. 11. Minnesota Statutes 2016, section 469.169, is amended by adding a subdivision  
165.14 to read:

165.15 Subd. 20. Additional border city allocations. (a) In addition to the tax reductions  
165.16 authorized in subdivisions 12 to 19, the commissioner shall allocate \$3,000,000 for tax  
165.17 reductions to border city enterprise zones in cities located on the western border of the state.  
165.18 The commissioner shall allocate this amount among cities on a per capita basis. Allocations  
165.19 under this subdivision may be used for tax reductions under sections 469.171, 469.1732,  
165.20 and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in  
165.21 the enterprise zone, but only if the municipality determines that the granting of the tax  
165.22 reduction or offset is necessary to retain a business within or attract a business to the zone.

165.23 (b) The allocations under this subdivision do not cancel or expire, but remain available  
165.24 until used by the city.

165.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

165.26 Sec. 12. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to read:

165.27 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than  
165.28 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing  
165.29 percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus  
165.30 (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

165.31 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city  
165.32 revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing

166.1 percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population  
166.2 decline; plus (5) the sparsity adjustment.

166.3 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  
166.4 410 plus; (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment.

166.5 The city revenue need for a city under this paragraph shall not exceed 630 plus the city's  
166.6 sparsity adjustment.

166.7 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue  
166.8 need" equals (1) the transition factor times the city's revenue need calculated in paragraph  
166.9 (b); plus (2) 630 times the difference between one and the transition factor. For a city with  
166.10 a population of at least 10,000 but less than 10,500 11,000, the "city revenue need" equals  
166.11 (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2)  
166.12 the city's revenue need calculated under the formula in paragraph (b) times the difference  
166.13 between one and the transition factor. For purposes of the first sentence of this paragraph  
166.14 "transition factor" is 0.2 percent times the amount that the city's population exceeds the  
166.15 minimum threshold in either of the first two sentences. For purposes of the second sentence  
166.16 of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population  
166.17 exceeds the minimum threshold.

166.18 (e) The city revenue need cannot be less than zero.

166.19 (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as  
166.20 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price  
166.21 deflator for government consumption expenditures and gross investment for state and local  
166.22 governments as prepared by the United States Department of Commerce, for the most  
166.23 recently available year to the 2013 implicit price deflator for state and local government  
166.24 purchases.

166.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
166.26 and thereafter.

166.27 Sec. 13. Minnesota Statutes 2016, section 477A.011, subdivision 45, is amended to read:

166.28 **Subd. 45. Sparsity adjustment.** For a city with a population of 10,000 or more, the  
166.29 sparsity adjustment is 100 for any city with an average population density less than 150 per  
166.30 square mile, according to the most recent federal census, and. For a city with a population  
166.31 less than 10,000, the sparsity adjustment is 200 for any city with an average population  
166.32 density less than 30 per square mile, according to the most recent federal census. The sparsity  
166.33 adjustment is zero for all other cities.

167.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
167.2 and thereafter.

167.3 **Sec. 14. [477A.0126] REIMBURSEMENT OF COUNTY AND TRIBES FOR**  
167.4 **CERTAIN OUT-OF-HOME PLACEMENT.**

167.5 Subdivision 1. **Definition.** For purposes of this section, "out-of-home placement" means  
167.6 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21,  
167.7 placed under chapter 260C and the Indian Child Welfare Act (ICWA), away from the child's  
167.8 parent or guardian and for whom the county social services agency or county correctional  
167.9 agency has been assigned responsibility for the child's placement and care, which includes  
167.10 placement in foster care under section 260C.007, subdivision 18, and a correctional facility  
167.11 pursuant to a court order.

167.12 Subd. 2. **Determination of nonfederal share of costs.** (a) By July 1, 2017, each county  
167.13 shall report the following information to the commissioners of human services and  
167.14 corrections: (1) the separate amounts paid out of the county's social service agency and its  
167.15 corrections budget for out-of-home placement of children under the ICWA in calendar years  
167.16 2013, 2014, and 2015; and (2) the number of case days associated with the expenditures  
167.17 from each budget. The commissioner of human services shall prescribe the format of the  
167.18 report. By July 15, 2017, the commissioner of human services, in consultation with the  
167.19 commissioner of corrections, shall certify to the commissioner of revenue and to the  
167.20 legislative committees with jurisdiction over local government aids and out-of-home  
167.21 placement funding whether the data reported under this subdivision accurately reflect total  
167.22 expenditures by counties for out-of-home placement costs of children under the ICWA.

167.23 (b) By January 1, 2018, and each January 1 thereafter, each county shall report to the  
167.24 commissioners of human services and corrections the separate amounts paid out of the  
167.25 county's social service agency and its corrections budget for out-of-home placement of  
167.26 children under the ICWA in the calendar years two years before the current calendar year  
167.27 along with the number of case days associated with the expenditures from each budget. The  
167.28 commissioner of human services shall prescribe the format of the report.

167.29 (c) Until the commissioner of human services develops another mechanism for collecting  
167.30 and verifying data on out-of-home placements of children under the ICWA, and the  
167.31 legislature authorizes the use of that data, the data collected under this subdivision must be  
167.32 used to calculate payments under subdivision 3. The commissioner of human services shall  
167.33 certify the nonfederal out-of-home placement costs for the three prior calendar years for  
167.34 each county and the amount of any federal reimbursement received by a tribe under the

168.1 ICWA for the three prior calendar years to the commissioner of revenue by June 1 of the  
168.2 year before the aid payment.

168.3 Subd. 3. **Aid for counties.** For aids payable in calendar year 2018 and thereafter, the  
168.4 amount of reimbursement to each county is a county's proportionate share of the appropriation  
168.5 in subdivision 6 that remains after the aid for tribes has been paid. Each county's  
168.6 proportionate share is based on the county's average nonfederal share of the cost for  
168.7 out-of-home placement of children under the ICWA for the three calendar years that were  
168.8 certified by the commissioner of human services by June 1 of the prior year, provided that  
168.9 the commissioner of human services, in consultation with the commissioner of corrections,  
168.10 certifies to the commissioner of revenue that accurate data are available to make the aid  
168.11 determination under this section. For aids payable in calendar year 2018, each county's  
168.12 proportionate share is based on the county's nonfederal share of the cost for out-of-home  
168.13 placement of children under the ICWA that was certified by the commissioner of human  
168.14 services by July 15, 2017.

168.15 Subd. 4. **Aid for tribes.** For aids payable in 2018 and thereafter, the amount of  
168.16 reimbursement to each tribe shall be the greater of (1) five percent of the average  
168.17 reimbursement amount received from the federal government for out-of-home placement  
168.18 costs for the three calendar years that were certified by June 1 of the prior year, or (2)  
168.19 \$200,000.

168.20 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of the  
168.21 reimbursement aid payable to each county and tribe under this section. On or before August  
168.22 1 of each year, the commissioner shall certify the amount to be paid to each county and  
168.23 tribe in the following year. The commissioner shall pay reimbursement aid annually at the  
168.24 times provided in section 477A.015.

168.25 Subd. 6. **Appropriation.** \$2,000,000 is annually appropriated to the commissioner of  
168.26 revenue from the general fund to pay aid under this section.

168.27 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

168.28 Sec. 15. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

168.29 Subd. 8. **City formula aid.** (a) For aids payable in 2015 2018 and thereafter, the formula  
168.30 aid for a city is equal to the sum of (1) its formula aid in the previous year and (2) the product  
168.31 of (i) (1) the difference between its unmet need and its formula certified aid in the previous  
168.32 year and before any aid adjustment under subdivision 13, and (ii) (2) the aid gap percentage.

169.1       (b) For aids payable in 2015 and thereafter, if a city's certified aid from the previous  
169.2 year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,  
169.3 its formula aid is adjusted to equal its unmet need.

169.4       (c) No city may have a formula aid amount less than zero. The aid gap percentage must  
169.5 be the same for all cities subject to paragraph (a).

169.6       (d) (b) The applicable aid gap percentage must be calculated by the Department of  
169.7 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
169.8 for aid under section 477A.03. The aid gap percentage must be the same for all cities subject  
169.9 to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013  
169.10 shall be the most recently available data as of January 1 in the year in which the aid is  
169.11 calculated.

169.12       **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
169.13 and thereafter.

169.14       Sec. 16. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

169.15       **Subd. 9. City aid distribution.** (a) In calendar year 2014 2018 and thereafter, each city  
169.16 if a city's certified aid before any aid adjustment under subdivision 13 for the previous year  
169.17 is less than its current unmet need, the city shall receive an aid distribution equal to the sum  
169.18 of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,  
169.19 (2) the city formula aid under subdivision 8, and (2) its aid adjustment under subdivision  
169.20 13.

169.21       (b) For aids payable in 2015 2018 and thereafter, if a city's certified aid before any aid  
169.22 adjustment under subdivision 13 for the previous year is equal to or greater than its current  
169.23 unmet need, the total aid for a city must not be less than is equal to the greater of (1) its  
169.24 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified  
169.25 to receive in the previous year minus the lesser of \$10 multiplied by its population, or five  
169.26 percent of its net levy in the year prior to the aid distribution. No city may have a total aid  
169.27 amount less than \$0.

169.28       **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
169.29 and thereafter.

169.30       Sec. 17. Minnesota Statutes 2016, section 477A.013, subdivision 13, is amended to read:

169.31       **Subd. 13. Certified aid adjustments.** (a) A city that received an aid base increase under  
169.32 Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its

170.1 total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in  
170.2 2014 through 2018.

170.3 (b) A city that received an aid base increase under Minnesota Statutes 2012, section  
170.4 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased  
170.5 by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

170.6 (c) A city that received a temporary aid increase under Minnesota Statutes 2012, section  
170.7 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased  
170.8 by an amount equal to \$1,000,000 for aids payable in 2014 only.

170.9 (d) For aids payable in 2018 only, a city whose certified aid in the previous year, before  
170.10 any adjustment under this section, is less than its unmet need in the current year shall receive  
170.11 a temporary increase equal to a percentage of the difference between (1) its unmet need,  
170.12 and (2) its certified aid in the previous year before any adjustments under this section. The  
170.13 commissioner will calculate this percentage, which shall be the same for all cities eligible  
170.14 for this adjustment, so the total aid paid to all cities under this paragraph equals \$6,000,000.

170.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
170.16 and thereafter.

170.17 **Sec. 18. [477A.0175] AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED**  
170.18 **DIVERSION PROGRAM.**

170.19 **Subdivision 1. Penalty for operating an unauthorized diversion program.**  
170.20 Notwithstanding any other law to the contrary, a county or city that operated a pretrial  
170.21 diversion program that a court determines was not authorized under section 169.999 or  
170.22 another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by  
170.23 the amount of fees paid by participants into the program for the years in which the program  
170.24 operated. A court shall report any order that enjoins a county or city from operating a pretrial  
170.25 diversion program to the commissioner as required under subdivision 2. The commissioner  
170.26 shall, with the assistance of the state auditor, determine the amount of fees collected under  
170.27 the diversion program and reduce the county program aid paid to a county or the local  
170.28 government aid paid to a city by this amount beginning with the first aid payment made  
170.29 after the reduction amount is determined. No aid payment may be less than zero but the  
170.30 amount of the reduction that cannot be made out of that payment shall be applied to future  
170.31 payments until the total amount has been deducted.

170.32 **Subd. 2. Court challenge to authority to operate a pretrial diversion program.** Any  
170.33 taxpayer may challenge a city or county operation of a pretrial diversion program by filing

171.1 a declaratory judgment action or seeking other appropriate relief in the district court for the  
171.2 county where the city is located or in any other court of competent jurisdiction. If the court  
171.3 finds that the county or city has exceeded its authority under law in operating the pretrial  
171.4 diversion program, the court must transmit a copy of the court order to the commissioner  
171.5 of revenue.

171.6 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
171.7 applies beginning with the second aid payments under Minnesota Statutes, section 477A.015  
171.8 in calendar year 2017.

171.9 Sec. 19. Minnesota Statutes 2016, section 477A.03, subdivision 2a, is amended to read:

171.10 Subd. 2a. **Cities.** ~~The total aid paid under section 477A.013, subdivision 9, is~~  
171.11 ~~\$516,898,012 for aids payable in 2015.~~ For aids payable in 2016 and thereafter 2017, the  
171.12 total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in  
171.13 2018, the total aid paid under section 477A.013, subdivision 9, is \$525,398,012. For aids  
171.14 payable in 2019 and thereafter, the total aid paid under section 477A.013, subdivision 9, is  
171.15 \$519,398,012.

171.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
171.17 and thereafter.

171.18 Sec. 20. Minnesota Statutes 2016, section 477A.03, subdivision 2b, is amended to read:

171.19 Subd. 2b. **Counties.** (a) For aids payable in 2014 ~~and thereafter through 2017~~, the total  
171.20 aid payable under section 477A.0124, subdivision 3, is \$100,795,000. For aids payable in  
171.21 2018, the total aid payable under section 477A.0124, subdivision 3, is \$106,795,000, of  
171.22 which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4,  
171.23 section 6. For aids payable in 2019 through 2024, the total aid payable under section  
171.24 477A.0124, subdivision 3, is \$103,795,000 of which \$3,000,000 shall be allocated as required  
171.25 under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter,  
171.26 the total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. Each calendar  
171.27 year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to  
171.28 make reimbursements to the commissioner of management and budget for payments made  
171.29 under section 611.27. The reimbursements shall be to defray the additional costs associated  
171.30 with court-ordered counsel under section 611.27. Any retained amounts not used for  
171.31 reimbursement in a year shall be included in the next distribution of county need aid that  
171.32 is certified to the county auditors for the purpose of property tax reduction for the next taxes  
171.33 payable year.

172.1 (b) For aids payable in 2014 and thereafter 2017, the total aid under section 477A.0124,  
172.2 subdivision 4, is \$104,909,575. For aids payable in 2018, the total aid payable under section  
172.3 477A.0124, subdivision 4, is \$107,909,575. For aids payable in 2019 and thereafter, the  
172.4 total aid payable under section 477A.0124, subdivision 4, is \$104,909,575. The commissioner  
172.5 of revenue shall transfer to the commissioner of management and budget \$207,000 annually  
172.6 for the cost of preparation of local impact notes as required by section 3.987, and other local  
172.7 government activities. The commissioner of revenue shall transfer to the commissioner of  
172.8 education \$7,000 annually for the cost of preparation of local impact notes for school districts  
172.9 as required by section 3.987. The commissioner of revenue shall deduct the amounts  
172.10 transferred under this paragraph from the appropriation under this paragraph. The amounts  
172.11 transferred are appropriated to the commissioner of management and budget and the  
172.12 commissioner of education respectively.

172.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

172.14 **Sec. 21. [477A.09] MAXIMUM EFFORT LOAN AID.**

172.15 (a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under  
172.16 sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment  
172.17 equal to one-fifth of the amount of interest that was paid on the loan between December 1,  
172.18 1990, and June 30, 2016. A school district with a maximum effort capital loan outstanding  
172.19 as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated  
172.20 amount of interest that will be paid by the district on the loan between June 30, 2017, and  
172.21 June 30, 2021. Aid payments under this section must be used to reduce current year property  
172.22 taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

172.23 (1) retaining payments made under this section in the district's debt redemption fund for  
172.24 up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

172.25 (2) financing a defeasance of any future payments on outstanding bonded debt.

172.26 (b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient  
172.27 to make aid payments under this section is annually appropriated from the general fund to  
172.28 the commissioner of education.

172.29 **EFFECTIVE DATE.** This section is effective for fiscal years 2018 to 2022.

172.30 **Sec. 22. Minnesota Statutes 2016, section 477A.12, subdivision 1, is amended to read:**

172.31 Subdivision 1. **Types of land; payments.** The following amounts are annually  
172.32 appropriated to the commissioner of natural resources from the general fund for transfer to

173.1 the commissioner of revenue. The commissioner of revenue shall pay the transferred funds  
173.2 to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage  
173.3 as of July 1 of each year prior to the payment year, are:

173.4 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land or,  
173.5 at the county's option three-fourths of one percent of the appraised value of all acquired  
173.6 natural resources land in the county, whichever is greater;

173.7 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the  
173.8 county's option, three-fourths of one percent of the appraised value of all transportation  
173.9 wetland in the county, whichever is greater;

173.10 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at  
173.11 the county's option, three-fourths of one percent of the appraised value of all wildlife  
173.12 management land in the county, whichever is greater;

173.13 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by the  
173.14 number of acres of military refuge land in the county;

173.15 (5) \$1.50 \$2, multiplied by the number of acres of county-administered other natural  
173.16 resources land in the county;

173.17 (6) \$5.133, multiplied by the total number of acres of land utilization project land in the  
173.18 county;

173.19 (7) \$1.50 \$2, multiplied by the number of acres of commissioner-administered other  
173.20 natural resources land in the county; and

173.21 (8) without regard to acreage, and notwithstanding the rules adopted under section  
173.22 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be  
173.23 divided and distributed to the counties containing state-owned lands within a conservation  
173.24 area in proportion to each county's percentage of the total annual ditch assessments.

173.25 **EFFECTIVE DATE.** This section is effective for payments made in calendar year 2018  
173.26 and thereafter.

173.27 Sec. 23. Minnesota Statutes 2016, section 477A.17, is amended to read:

173.28 **477A.17 LAKE VERMILION-SOUUDAN UNDERGROUND MINE STATE PARK;**  
173.29 **ANNUAL PAYMENTS.**

173.30 (a) In lieu of the payment amount provided under section 477A.12, subdivision 1, clause  
173.31 (1), the county shall receive an annual payment for state-owned land within the boundary

174.1 of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012,  
174.2 subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

174.3 (b) For the purposes of this section, the appraised value of the land acquired for Lake  
174.4 Vermilion-Soudan Underground Mine State Park for the first five years after acquisition  
174.5 shall be the purchase price of the land, plus the value of any portion of the land that is  
174.6 acquired by donation. Thereafter, the appraised value of the state-owned land shall be as  
174.7 determined under section 477A.12, subdivision 3, except that the appraised value of the  
174.8 state-owned land within the park shall not be reduced below the 2010 appraised value of  
174.9 the land.

174.10 (c) The annual payments under this section shall be distributed to the taxing jurisdictions  
174.11 containing the property as follows: one-third to the school districts; one-third to the town;  
174.12 and one-third to the county. The payment to school districts is not a county apportionment  
174.13 under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions  
174.14 may use the payments for their general purposes.

174.15 (d) Except as provided in this section, the payments shall be made as provided in sections  
174.16 477A.11 to 477A.13.

174.17 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.  
174.18 For aids payable in 2017, the commissioner of natural resources must recertify the amounts  
174.19 under this section to the commissioner of revenue by June 15, 2017.

174.20 Sec. 24. **BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

174.21 For a city that incorporated on October 13, 2015, and first qualifies for aid under  
174.22 Minnesota Statutes, section 477A.013, subdivisions 8 and 9, in 2017, the city's certified aid  
174.23 for 2017, used in calculating aid payable in 2018, shall be deemed to equal \$95 multiplied  
174.24 by its 2014 population.

174.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2018.

174.26 Sec. 25. **2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

174.27 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo  
174.28 shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes,  
174.29 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
174.30 3, provided that the state auditor certifies to the commissioner of revenue that it received  
174.31 audited financial statements from the city for calendar year 2012 by December 31, 2013.  
174.32 The commissioner of revenue shall make a payment of \$37,473.50 with the first payment

175.1 of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the  
175.2 general fund to the commissioner of revenue in fiscal year 2018 to make this payment.

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

175.4 **Sec. 26. 2014 AID PENALTY FORGIVENESS.**

175.5 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of  
175.6 Dundee, Jeffers, and Woodstock shall receive all of their calendar year 2014 aid payment  
175.7 that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that  
175.8 the state auditor certifies to the commissioner of revenue that the city complied with all  
175.9 reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for  
175.10 calendar years 2013 and 2014 by June 1, 2015.

175.11 (b) The commissioner of revenue shall make payment to each city no later than July 20,  
175.12 2017. Up to \$101,570 in fiscal year 2018 is appropriated from the general fund to the  
175.13 commissioner of revenue to make the payments under this section.

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

175.15 **Sec. 27. CITY OF TAYLORS FALLS; DEVELOPMENT ZONE.**

175.16 Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may  
175.17 designate all or any part of the city as a development zone under Minnesota Statutes, section  
175.18 469.1731.

175.19 Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to  
175.20 469.1735, apply to the development zones designated under this section. The governing  
175.21 body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731  
175.22 to 469.1735, including powers that apply outside of the zones.

175.23 (b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section  
175.24 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

175.25 Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the  
175.26 state portion of the tax reductions for all years of the program under Minnesota Statutes,  
175.27 sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$50,000. To provide  
175.28 the authority under this section, the amount of the allocation for border cities under Minnesota  
175.29 Statutes, section 469.169, in this act is reduced by \$50,000.

175.30 (b) This allocation may be used for tax reductions provided in Minnesota Statutes, section  
175.31 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735,

176.1 subdivision 3, but only if the governing body of the city of Taylors Falls determines that  
176.2 the tax reduction or offset is necessary to enable a business to expand within the city or to  
176.3 attract a business to the city.

176.4 (c) The commissioner of revenue may waive the limit under this subdivision using the  
176.5 same rules and standards provided in Minnesota Statutes, section 469.169, subdivision 12,  
176.6 paragraph (b).

176.7 **EFFECTIVE DATE.** This section is effective July 1, 2017, and does not require local  
176.8 approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

176.9 Sec. 28. **REPORT ON RENT CONSTITUTING PROPERTY TAXES.**

176.10 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have  
176.11 the meaning given.

176.12 (b) "Commissioner" means the commissioner of revenue.

176.13 (c) "Renter property tax refund" means the refund for renters allowed under Minnesota  
176.14 Statutes, chapter 290A.

176.15 Subd. 2. Report required. (a) By March 1, 2018, the commissioner must report to the  
176.16 committees of the house of representatives and senate with jurisdiction over taxes on the  
176.17 percentage of rent constituting property taxes used in determining the renter property tax  
176.18 refund. The report must be in compliance with Minnesota Statutes, sections 3.195 and 3.197.

176.19 (b) The report must include estimates of rent constituting property tax for the following  
176.20 geographic regions:

176.21 (1) the city of Minneapolis;

176.22 (2) the city of St. Paul;

176.23 (3) the counties of Anoka; Dakota; Hennepin, excluding the city of Minneapolis; and  
176.24 Ramsey, excluding the city of St. Paul; and

176.25 (4) the remainder of the state.

176.26 The commissioner must prepare the estimates by determining the property taxes attributable  
176.27 to rental units for which renters submitted claims for the renter property tax refund based  
176.28 on rent paid in 2016. The commissioner must match the property ID number or parcel  
176.29 number on form CRP filed with the claim to property tax data for taxes payable in 2016.  
176.30 The commissioner must then calculate the percentage of rent constituting property taxes  
176.31 using the rent amount reported on form CRP, adjusted by the total number of months the

177.1 unit was rented and the number of rental units on the property. The estimates for each  
177.2 geographic region must be rounded to the nearest one-tenth of one percentage point.

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

177.4 **Sec. 29. APPROPRIATION; DEBT SERVICE EQUALIZATION.**

177.5 For fiscal year 2019 only, \$14,773,000 is appropriated from the general fund to the  
177.6 Department of Education for debt service aid under Minnesota Statutes, section 123B.53.  
177.7 This amount is in addition to other appropriations for the same purpose.

177.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

177.9 **Sec. 30. APPROPRIATION; FIRE REMEDIATION GRANTS.**

177.10 \$1,392,258 is appropriated in fiscal year 2018 from the general fund to the commissioner  
177.11 of public safety for grants to remediate the effects of fires in the city of Melrose on September  
177.12 8, 2016. The commissioner must allocate the grants as follows:

177.13 (1) \$1,296,458 to the city of Melrose; and

177.14 (2) \$95,800 to Stearns County.

177.15 A grant recipient must use the money appropriated under this section for remediation  
177.16 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
177.17 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,  
177.18 incurred by public or private entities as a result of the fires. This is a onetime appropriation  
177.19 and is available until June 30, 2018.

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

177.21 **Sec. 31. REPEALER.**

177.22 (a) Minnesota Statutes 2016, section 477A.085, is repealed.

177.23 (b) Minnesota Statutes 2016, section 477A.20, is repealed.

177.24 **EFFECTIVE DATE.** Paragraph (a) is effective beginning with aids payable in 2018.

177.25 Paragraph (b) is effective the day following final enactment.

177.26 **ARTICLE 5**

177.27 **LOCAL OPTION SALES AND USE TAXES**

177.28 Section 1. **[471.9998] MERCHANT BAGS; PROHIBITION ON FEE OR TAX.**

178.1        Notwithstanding any other provision of law, no political subdivision may impose or  
178.2        require the imposition of any fee or tax, other than a local sales tax subject to section  
178.3        297A.99, upon the use of paper, plastic, or reusable bags for packaging of any item or good  
178.4        purchased from a merchant, itinerant vendor, or peddler.

178.5        **EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on  
178.6        the effective date of this section that would be prohibited under this section are invalid as  
178.7        of the effective date of this section.

178.8        Sec. 2. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,  
178.9        chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003,  
178.10       First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5,  
178.11       section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

178.12       Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law,  
178.13       ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,  
178.14       impose an additional sales tax of up to one and three-quarter percent on sales transactions  
178.15       which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c).  
178.16       The imposition of this tax shall not be subject to voter referendum under either state law or  
178.17       city charter provisions. When the city council determines that the taxes imposed under this  
178.18       paragraph at a rate of three-quarters of one percent and other sources of revenue produce  
178.19       revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus  
178.20       issuance and discount costs, issued for capital improvements at the Duluth Entertainment  
178.21       and Convention Center, which include a new arena, the rate of tax under this subdivision  
178.22       must be reduced by three-quarters of one percent.

178.23       (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section  
178.24       477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of  
178.25       Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent  
178.26       on sales transactions which are described in Minnesota Statutes 2000, section 297A.01,  
178.27       subdivision 3, clause (c). This tax expires when the city council determines that the tax  
178.28       imposed under this paragraph, along with the tax imposed under section 22, paragraph (b),  
178.29       has produced revenues sufficient to pay the debt service on bonds in a principal amount of  
178.30       no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements  
178.31       to public facilities to support tourism and recreational activities in that portion of the city  
178.32       west of 34th 14th Avenue West and the area south of and including Skyline Parkway.

178.33       (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds  
178.34       under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of

179.1 issuance and any premiums. The proceeds may be used to finance capital improvements to  
179.2 public facilities that support tourism and recreational activities in the portion of the city  
179.3 west of 34th 14th Avenue West and the area south of and including Skyline Parkway, as  
179.4 described in paragraph (b). The issuance of the bonds is subject to the provisions of  
179.5 Minnesota Statutes, chapter 475, except no election shall be required unless required by the  
179.6 city charter. The bonds shall not be included in computing net debt. The revenues from the  
179.7 taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph  
179.8 (b), may be pledged to pay principal of and interest on such bonds.

179.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
179.10 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
179.11 subdivisions 2 and 3.

179.12 Sec. 3. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article  
179.13 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws  
179.14 2014, chapter 308, article 3, section 22, is amended to read:

179.15 **Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

179.16 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance,  
179.17 or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an  
179.18 additional tax of one percent upon the gross receipts from the sale of lodging for periods of  
179.19 less than 30 days in hotels and motels located in the city. The tax shall be collected in the  
179.20 same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one.  
179.21 The imposition of this tax shall not be subject to voter referendum under either state law or  
179.22 city charter provisions.

179.23 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section  
179.24 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of  
179.25 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent  
179.26 on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and  
179.27 motels located in the city. This tax expires when the city council first determines that the  
179.28 tax imposed under this paragraph, along with the tax imposed under section 21, paragraph  
179.29 (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount  
179.30 of no more than \$18,000,000, plus issuance and discount costs, to finance capital  
179.31 improvements to public facilities to support tourism and recreational activities in that portion  
179.32 of the city west of 34th 14th Avenue West and the area south of and including Skyline  
179.33 Parkway.

180.1        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
180.2        city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
180.3        subdivisions 2 and 3.

180.4        Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws  
180.5        1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and  
180.6        Laws 2009, chapter 88, article 4, section 14, is amended to read:

180.7        **Subd. 3. Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
180.8        1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a  
180.9        portion of the expenses of constructing and improving facilities as part of an urban  
180.10        revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses  
180.11        include, but are not limited to, acquiring property and paying relocation expenses related  
180.12        to the development of Riverfront 2000 and related facilities, and securing or paying debt  
180.13        service on bonds or other obligations issued to finance the construction of Riverfront 2000  
180.14        and related facilities. For purposes of this section, "Riverfront 2000 and related facilities"  
180.15        means a civic-convention center, an arena, a riverfront park, a technology center and related  
180.16        educational facilities, and all publicly owned real or personal property that the governing  
180.17        body of the city determines will be necessary to facilitate the use of these facilities, including  
180.18        but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also  
180.19        includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition  
180.20        Center, for use by Minnesota State University, Mankato.

180.21        (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved  
180.22        by voters at the November 8, 2016, general election, the city may by ordinance also use  
180.23        revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000,  
180.24        plus associated bond costs, to pay all or a portion of the expenses of the following capital  
180.25        projects:

180.26        (1) construction and improvements to regional recreational facilities including existing  
180.27        hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal  
180.28        swimming pool including improvements to make the pool compliant with the Americans  
180.29        with Disabilities Act, and indoor regional athletic facilities;

180.30        (2) improvements to flood control and the levee system;

180.31        (3) water quality improvement projects in Blue Earth and Nicollet Counties;

180.32        (4) expansion of the regional transit building and related multimodal transit  
180.33        improvements;

181.1        (5) regional public safety and emergency communications improvements and equipment;  
181.2        and

181.3        (6) matching funds for improvements to publicly owned regional facilities including a  
181.4        historic museum, supportive housing, and a senior center.

181.5        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
181.6        city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
181.7        645.021, subdivisions 2 and 3.

181.8        Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws  
181.9        2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366,  
181.10       article 7, section 10, is amended to read:

181.11       **Subd. 4. Expiration of taxing authority and expenditure limitation.** The authority  
181.12       granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall  
181.13       expire on at the earlier of when revenues are sufficient to pay off the bonds, including  
181.14       interest and all other associated bond costs authorized under subdivision 5, or December  
181.15       31, 2022 2038.

181.16       **EFFECTIVE DATE.** This section is effective the day following final enactment without  
181.17       local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

181.18       Sec. 6. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

181.19       **Subd. 5. Bonds. (a)** The city of Mankato may issue general obligation bonds of the city  
181.20       in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without  
181.21       election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or  
181.22       a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related  
181.23       facilities shall not be included in computing any debt limitations applicable to the city of  
181.24       Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest  
181.25       on the bonds shall not be subject to any levy limitation or be included in computing or  
181.26       applying any levy limitation applicable to the city.

181.27       **(b)** The city of Mankato may issue general obligation bonds of the city in an amount not  
181.28       to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without  
181.29       election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or  
181.30       a tax to pay them. The debt represented by bonds under this paragraph shall not be included  
181.31       in computing any debt limitations applicable to the city of Mankato, and the levy of taxes  
181.32       required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds,

182.1 and shall not be subject to any levy limitation or be included in computing or applying any  
182.2 levy limitation applicable to the city. The city may use tax revenue in excess of one year's  
182.3 principal interest reserve for intended annual bond payments to pay all or a portion of the  
182.4 cost of capital improvements authorized in subdivision 3.

182.5 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
182.6 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

182.7 Sec. 7. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws  
182.8 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7,  
182.9 article 4, section 4, is amended to read:

182.10 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section  
182.11 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of  
182.12 Hermantown may, by ordinance, impose an additional sales tax of up to one percent on  
182.13 sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within  
182.14 the city. The proceeds of the tax imposed under this section must be used to meet the costs  
182.15 of:

182.16 (1) extending a sewer interceptor line;  
182.17 (2) construction of a booster pump station, reservoirs, and related improvements to the  
182.18 water system; and  
182.19 (3) construction of a building containing a police and fire station and an administrative  
182.20 services facility.

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

182.24 (c) As approved by the voters at the November 8, 2016, general election, the proceeds  
182.25 under this section may also be used to meet the costs of debt service payments for  
182.26 construction of the Hermantown Wellness Center.

182.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
182.28 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section  
182.29 645.021, subdivisions 2 and 3.

183.1     Sec. 8. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws  
183.2    2006, chapter 259, article 3, section 4, is amended to read:

183.3     Subd. 4. **Termination.** The tax authorized under this section terminates ~~on March 31, 2026~~ at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council first determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs for the uses specified in subdivision 1. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

183.9     **EFFECTIVE DATE.** This section is effective the day following final enactment without  
183.10    local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

183.11    Sec. 9. Laws 1999, chapter 243, article 4, section 17, subdivision 3, is amended to read:

183.12     Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of a civic and community center and recreational facilities to serve all ages, including seniors and youth. Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, funding facilities replacement reserves, and paying debt service on bonds or other obligations issued to finance the construction or expansion of an authorized facility. The capital expenses for all projects authorized under this subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

183.22     (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2016, general election, the city of New Ulm may by ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$14,800,000, plus associated bond costs, to pay all or a portion of the expenses of the following capital projects:

183.27     (1) constructing an indoor water park and making safety improvements to the existing recreational center pool;

183.29     (2) constructing an indoor playground, a wellness center, and a gymnastics facility;

183.30     (3) constructing a winter multipurpose dome;

183.31     (4) making improvements to Johnson Park Grandstand; and

183.32     (5) making improvements to the entrance road and parking at Hermann Heights Park.

184.1        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
184.2        city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
184.3        645.021, subdivisions 2 and 3.

184.4        Sec. 10. Laws 1999, chapter 243, article 4, section 17, is amended by adding a subdivision  
184.5        to read:

184.6        Subd. 4a. **Bonding authority; additional use and extension of tax.** As approved by  
184.7        the voters at the November 8, 2016, general election, and in addition to the bonds issued  
184.8        under subdivision 4, the city of New Ulm may issue general obligation bonds of the city in  
184.9        an amount not to exceed \$14,800,000 for the projects listed in subdivision 3, paragraph (b).  
184.10        The debt represented by bonds under this subdivision shall not be included in computing  
184.11        any debt limitations applicable to the city of New Ulm, and the levy of taxes required by  
184.12        Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall  
184.13        not be subject to any levy limitation or be included in computing or applying any levy  
184.14        limitation applicable to the city.

184.15        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
184.16        city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
184.17        645.021, subdivisions 2 and 3.

184.18        Sec. 11. Laws 1999, chapter 243, article 4, section 17, subdivision 5, is amended to read:

184.19        **Subd. 5. **Termination of taxes.**** The taxes imposed under subdivisions 1 and 2 expire  
184.20        when the city council determines that sufficient funds have been received from the taxes to  
184.21        finance the capital and administrative costs for the acquisition, construction, and improvement  
184.22        of facilities described in subdivision 3, including the additional use of revenues under  
184.23        subdivision 3, paragraph (b), as approved by the voters at the November 8, 2016, general  
184.24        election, and to prepay or retire at maturity the principal, interest, and premium due on any  
184.25        bonds issued for the facilities under subdivision 4 subdivisions 4 and 4a. Any funds remaining  
184.26        after completion of the project and retirement or redemption of the bonds may be placed in  
184.27        the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at  
184.28        an earlier time if the city so determines by ordinance.

184.29        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
184.30        city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
184.31        645.021, subdivisions 2 and 3.

185.1 Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws  
185.2 2008, chapter 366, article 7, section 12, is amended to read:

185.3 **Subdivision 1. Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section  
185.4 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city  
185.5 voters at the first municipal general election held after the date of final enactment of this  
185.6 act or at a special election held November 2, 1999, the city of Proctor may impose by  
185.7 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in  
185.8 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
185.9 administration, collection, and enforcement of the tax authorized under this subdivision.

185.10 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
185.11 law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional  
185.12 sales and use tax of up to one-half of one percent as approved by the voters at the November  
185.13 4, 2014, election. The revenues received from the additional tax must be used for the purposes  
185.14 specified in subdivision 3, paragraph (b).

185.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
185.16 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
185.17 subdivisions 2 and 3.

185.18 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 2,  
185.19 as amended by Laws 2006, chapter 259, article 3, section 6, is amended to read:

185.20 **Subd. 2. Use of revenues.** The proceeds of the tax imposed under this section shall be  
185.21 used to pay for ~~lake~~ water quality improvement projects as detailed in the Shell Rock River  
185.22 watershed plan and as directed by the Shell Rock River Watershed Board. Notwithstanding  
185.23 any provision of statute, other law, or city charter to the contrary, the city shall transfer all  
185.24 revenues from the tax imposed under subdivision 1, as soon as they are received, to the  
185.25 Shell Rock River Watershed District. ~~The city is not required to review the intended uses~~  
185.26 ~~of the revenues by the watershed district, nor is the watershed district required to submit to~~  
185.27 ~~the city proposed budgets, statements, or invoices explaining the intended uses of the~~  
185.28 ~~revenues as a prerequisite for the transfer of the revenues. The Shell Rock River Watershed~~  
185.29 ~~District shall appear before the city of Albert Lea City Council on a biannual basis to present~~  
185.30 ~~a report of its activities, expenditures, and intended uses of the city sales tax revenue.~~

185.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
185.32 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
185.33 645.021, subdivisions 2 and 3.

186.1      Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4,  
186.2      as amended by Laws 2014, chapter 308, article 3, section 23, is amended to read:

186.3      **Subd. 4. Termination of taxes.** The taxes imposed under this section expire at the earlier  
186.4      of (1) ~~15~~ 30 years after the taxes are first imposed, or (2) when the city council first  
186.5      determines that the amount of revenues raised to pay for the projects under subdivision 2,  
186.6      shall meet or exceed the sum of ~~\$15,000,000~~ \$30,000,000. Any funds remaining after  
186.7      completion of the projects may be placed in the general fund of the city.

186.8      **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
186.9      city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
186.10     645.021, subdivisions 2 and 3.

186.11     Sec. 15. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 3,  
186.12     as amended by Laws 2014, chapter 308, article 7, section 3, is amended to read:

186.13     **Subd. 3. Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
186.14     1 and 2 must be used by the city (1) to pay the cost of collecting and administering the taxes  
186.15     and; (2) to pay for the costs of a community center complex and; (3) to make renovations  
186.16     to the Memorial Auditorium; and (4) to construct public athletic facilities, provided that  
186.17     this use of the tax is subject to the same restrictions that apply to the issuance of debt provided  
186.18     in subdivision 4, paragraph (c). Authorized expenses include, but are not limited to, acquiring  
186.19     property and paying construction expenses related to these improvements, and paying debt  
186.20     service on bonds or other obligations issued to finance acquisition and construction of these  
186.21     improvements.

186.22     (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 2 and 3, if the  
186.23     city decides to extend the taxes in subdivisions 1 and 2, as allowed under subdivision 5,  
186.24     paragraph (b), the city must use any amounts in excess of the amounts necessary to meet  
186.25     the obligations under paragraph (a) to pay the city's share of debt service on bonds issued  
186.26     under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water  
186.27     System Project.

186.28     **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
186.29     city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
186.30     645.021, subdivisions 2 and 3.

187.1 Sec. 16. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 4,  
187.2 is amended to read:

187.3 Subd. 4. **Bonding authority.** (a) If the tax authorized under subdivision 1 is approved  
187.4 by the voters, the city may issue bonds under Minnesota Statutes, chapter 475, to pay capital  
187.5 and administrative expenses for the improvements described in subdivision 3 in an amount  
187.6 that does not exceed ~~\$6,000,000~~ \$7,300,000. An election to approve the bonds under  
187.7 Minnesota Statutes, section 475.58, is not required.

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

187.11 (c) If the Worthington City Council intends to issue debt after June 30, 2017, for the  
187.12 purposes of this subdivision, it must pass a resolution stating the intent to issue debt and  
187.13 proposing a public hearing. The resolution must be published for two successive weeks in  
187.14 the official newspaper of the city together with a notice setting a date for the public hearing.  
187.15 The hearing must be held at least two weeks, but not more than four weeks, after the first  
187.16 publication after passage of the resolution. Following the public hearing, if the city adopts  
187.17 a resolution confirming its intention to issue additional debt, that resolution must also be  
187.18 published in the official newspaper of the city, but the resolution is not effective for 30 days.  
187.19 If within 30 days after publication of the resolution confirming the city's intention to issue  
187.20 additional debt a petition signed by voters equal in number to ten percent of the votes cast  
187.21 in the city in the last general election requesting a vote on the proposed resolution is filed  
187.22 with the county auditor, the resolution is not effective until it has been submitted to the  
187.23 voters in a general or special election and a majority of the votes cast on the question of  
187.24 approving the resolution are in the affirmative. The commissioner of revenue shall prepare  
187.25 a suggested form of question to be presented at the election.

187.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
187.27 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
187.28 645.021, subdivisions 2 and 3.

187.29 Sec. 17. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 5,  
187.30 as amended by Laws 2014, chapter 308, article 7, section 4, is amended to read:

187.31 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire  
187.32 at the earlier of (1) ten years, or (2) when the city council determines that the amount of  
187.33 revenue received from the taxes is sufficient to pay for the projects under subdivision 3  
187.34 equals or exceeds ~~\$6,000,000~~ \$7,300,000 plus the additional amount needed to pay the costs

188.1 related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds  
188.2 remaining after completion of the project and retirement or redemption of the bonds shall  
188.3 be placed in a capital project fund of the city. The taxes imposed under subdivisions 1 and  
188.4 2 may expire at an earlier time if the city so determines by ordinance.

188.5 (b) Notwithstanding paragraph (a), the city council may, by ordinance, extend the taxes  
188.6 imposed under subdivisions 1 and 2 through December 31, 2039, provided that all additional  
188.7 revenues that exceed those necessary to fund the projects and associated financing costs  
188.8 listed in subdivision 3, paragraph (a), are committed to pay debt service on bonds issued  
188.9 under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water  
188.10 System Project.

188.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
188.12 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
188.13 645.021, subdivisions 2 and 3.

188.14 Sec. 18. Laws 2008, chapter 366, article 7, section 20, is amended to read:

188.15 **Sec. 20. CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

188.16 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
188.17 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the  
188.18 approval of the voters on November 7, 2006, the city of North Mankato may impose by  
188.19 ordinance a sales and use tax of one-half of one percent for the purposes specified in  
188.20 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
188.21 administration, collection, and enforcement of the taxes authorized under this subdivision.

188.22 **Subd. 2. Use of revenues.** Revenues received from the tax authorized by subdivision 1  
188.23 must be used to pay all or part of the capital costs of the following projects:

188.24 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange  
188.25 project;

188.26 (2) development of regional parks and hiking and biking trails, including construction  
188.27 of indoor regional athletic facilities;

188.28 (3) expansion of the North Mankato Taylor Library;

188.29 (4) riverfront redevelopment; and

188.30 (5) lake improvement projects.

188.31 The total amount of revenues from the tax in subdivision 1 that may be used to fund  
188.32 these projects is \$6,000,000 \$15,000,000 plus any associated bond costs.

189.1        Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section  
189.2        297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax  
189.3        authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated  
189.4        bond costs, to fund the projects in subdivision 2 pursuant to voter approval to extend the  
189.5        tax at the November 8, 2016, general election.

189.6        Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters  
189.7        at the November 7, 2006 referendum authorizing the imposition of the taxes in this section,  
189.8        may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
189.9        expenses for the projects described in subdivision 2, in an amount that does not exceed  
189.10       \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
189.11       475.58, is not required.

189.12       (b) The city of North Mankato, pursuant to approval of the voters at the November 8,  
189.13       2016, referendum extending the tax to provide additional revenue to be spent for the projects  
189.14       in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter 475, to pay  
189.15       capital and administrative expenses for those projects in an amount that does not exceed  
189.16       \$9,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
189.17       475.58, is not required.

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

189.21       Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the~~  
189.22       ~~city council determines that the amount of revenues received from the taxes to pay for the~~  
189.23       ~~projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount~~  
189.24       ~~needed to pay the costs related to issuance of bonds under subdivision 3, including interest~~  
189.25       ~~on the bonds at the earlier of December 31, 2038, or when revenues from the taxes first~~  
189.26       ~~equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to~~  
189.27       ~~issuance of bonds under subdivision 3, including interest.~~ Any funds remaining after  
189.28       completion of the projects and retirement or redemption of the bonds shall be placed in a  
189.29       capital facilities and equipment replacement fund of the city. The tax imposed under  
189.30       subdivision 1 may expire at an earlier time if the city so determines by ordinance.

189.31       **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
189.32       city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
189.33       645.021, subdivisions 2 and 3.

190.1 Sec. 19. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

190.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
190.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
190.4 charter, and as approved by the voters at a special election on March 7, 2016, the city of  
190.5 East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for  
190.6 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
190.7 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
190.8 collection, and enforcement of the tax authorized under this subdivision.

190.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
190.10 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of  
190.11 collecting and administering the tax and to finance the capital and administrative costs of  
190.12 improvement to the city public swimming pool. Authorized expenses include, but are not  
190.13 limited to, paying construction expenses related to the renovation and the development of  
190.14 these facilities and improvements, and securing and paying debt service on bonds issued  
190.15 under subdivision 3 or other obligations issued to finance improvement of the public  
190.16 swimming pool in the city of East Grand Forks

190.17 **Subd. 3. Bonding authority.** (a) The city of East Grand Forks may issue bonds under  
190.18 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
190.19 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
190.20 subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of  
190.21 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
190.22 to the city of East Grand Forks, including the tax authorized under subdivision 1. The  
190.23 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60  
190.24 and 275.61.

190.25 (b) The bonds are not included in computing any debt limitation applicable to the city  
190.26 of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61, to  
190.27 pay principal and interest on the bonds is not subject to any levy limitation. A separate  
190.28 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

190.29 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the later  
190.30 of: (1) five years after the tax is first imposed; or (2) when the city council determines that  
190.31 \$2,820,000 has been received from the tax to pay for the cost of the projects authorized  
190.32 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
190.33 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
190.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

191.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
191.2 time if the city so determines by ordinance.

191.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
191.4 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,  
191.5 section 645.021, subdivisions 2 and 3.

191.6 **Sec. 20. CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.**

191.7 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
191.8 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
191.9 charter, and as approved by the voters at the general election of November 8, 2016, the city  
191.10 of Fairmont may impose, by ordinance, a sales and use tax of one-half of one percent for  
191.11 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
191.12 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
191.13 collection, and enforcement of the tax authorized under this subdivision.

191.14 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
191.15 under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and  
191.16 administering the tax and to finance the capital and administrative costs of constructing and  
191.17 funding recreational amenities, trails, and a community center. The total that may be raised  
191.18 from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the  
191.19 issuance and paying debt service on bonds for these projects.

191.20 **Subd. 3. Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota  
191.21 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
191.22 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
191.23 not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing  
191.24 the bonds. The bonds may be paid from or secured by any funds available to the city of  
191.25 Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under  
191.26 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

191.31 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
191.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
191.33 that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds

192.1 authorized under subdivision 3, including interest on the bonds, has been received from the  
192.2 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
192.3 after payment of all such costs and retirement or redemption of the bonds shall be placed  
192.4 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
192.5 time if the city so determines by ordinance.

192.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
192.7 city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section  
192.8 645.021, subdivisions 2 and 3.

192.9 **Sec. 21. CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

192.10 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
192.11 section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city  
192.12 charter, and as approved by the voters at the November 8, 2016, general election, the city  
192.13 of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one  
192.14 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
192.15 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
192.16 administration, collection, and enforcement of the tax authorized under this subdivision.

192.17 **Subd. 2. Use of sales and use tax revenues.** The revenues from the tax authorized under  
192.18 subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and  
192.19 administering the tax and securing and paying debt service on bonds issued to finance all  
192.20 or part of the costs of the expansion and betterment of the Fergus Falls Public Library located  
192.21 at 205 East Hampden Avenue in the city of Fergus Falls.

192.22 **Subd. 3. Bonding authority.** (a) The city of Fergus Falls may issue bonds under  
192.23 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
192.24 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
192.25 subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of  
192.26 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
192.27 city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds  
192.28 under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

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

193.1      **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
193.2      earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines  
193.3      that \$9,800,000 has been received from the tax to pay for the cost of the project authorized  
193.4      under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the  
193.5      bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
193.6      after payment of all such costs and retirement or redemption of the bonds shall be placed  
193.7      in the general fund of the city. The tax imposed under subdivision 1 may expire at any  
193.8      earlier time if the city so determines by ordinance.

193.9      **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
193.10      city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section  
193.11      645.021, subdivisions 2 and 3.

193.12      **Sec. 22. CITY OF MOOSE LAKE; TAXES AUTHORIZED.**

193.13      **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
193.14      section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
193.15      as approved by the voters at the November 6, 2012, general election, the city of Moose Lake  
193.16      may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
193.17      purposes specified in subdivision 2. Except as otherwise provided in this section, the  
193.18      provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
193.19      collection, and enforcement of the tax authorized under this subdivision.

193.20      **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
193.21      under subdivision 1 must be used by the city of Moose Lake to pay the costs of collecting  
193.22      and administering the tax and to finance the costs of: (1) improvements to the city's park  
193.23      system; (2) street and related infrastructure improvements; and (3) municipal arena  
193.24      improvements. Authorized costs include construction and engineering costs and associated  
193.25      bond costs.

193.26      **Subd. 3. Bonding authority.** The city of Moose Lake may issue bonds under Minnesota  
193.27      Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
193.28      subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
193.29      not exceed \$3,000,000, plus an amount to be applied to the payment of the costs of issuing  
193.30      the bonds. The bonds may be paid from or secured by any funds available to the city of  
193.31      Moose Lake, including the tax authorized under subdivision 1. The issuance of bonds under  
193.32      this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

193.33      The bonds are not included in computing any debt limitation applicable to the city of  
193.34      Moose Lake, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal

194.1 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
194.2 the bonds under Minnesota Statutes, section 475.58, is not required.

194.3 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
194.4 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
194.5 that \$3,000,000 has been received from the tax to pay for the cost of the projects authorized  
194.6 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
194.7 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
194.8 after payment of all such costs and retirement or redemption of the bonds shall be placed  
194.9 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
194.10 time if the city so determines by ordinance.

194.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
194.12 city of Moose Lake and its chief clerical officer comply with Minnesota Statutes, section  
194.13 645.021, subdivisions 2 and 3.

194.14 Sec. 23. **CITY OF NEW LONDON; TAX AUTHORIZED.**

194.15 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
194.16 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
194.17 charter, and as approved by the voters at the general election of November 8, 2016, the city  
194.18 of New London may impose, by ordinance, a sales and use tax of one-half of one percent  
194.19 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
194.20 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
194.21 collection, and enforcement of the tax authorized under this subdivision.

194.22 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
194.23 under subdivision 1 must be used by the city of New London to pay the costs of collecting  
194.24 and administering the tax and to finance the capital and administrative costs of the following  
194.25 projects:

194.26 (1) construction and equipping of a new library and community room;  
194.27 (2) construction of an ambulance bay at the fire hall; and  
194.28 (3) improvements to the New London Senior Citizen Center.

194.29 The total that may be raised from the tax to pay for these projects is limited to \$872,000  
194.30 plus the costs related to the issuance and paying debt service on bonds for these projects.

194.31 **Subd. 3. Bonding authority.** (a) The city of New London may issue bonds under  
194.32 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities

195.1    authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
195.2    subdivision may not exceed \$872,000, plus an amount to be applied to the payment of the  
195.3    costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
195.4    to the city of New London, including the tax authorized under subdivision 1. The issuance  
195.5    of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
195.6    275.61.

195.7    (b) The bonds are not included in computing any debt limitation applicable to the city  
195.8    of New London, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
195.9    principal and interest on the bonds is not subject to any levy limitation. A separate election  
195.10    to approve the bonds under Minnesota Statutes, section 475.58, is not required.

195.11    **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
195.12    earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
195.13    that \$872,000, plus an amount sufficient to pay the costs related to issuing the bonds  
195.14    authorized under subdivision 3, including interest on the bonds, has been received from the  
195.15    tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
195.16    after payment of all such costs and retirement or redemption of the bonds shall be placed  
195.17    in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
195.18    time if the city so determines by ordinance.

195.19    **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
195.20    city of New London and its chief clerical officer comply with Minnesota Statutes, section  
195.21    645.021, subdivisions 2 and 3.

195.22    **Sec. 24. CITY OF SLEEPY EYE; LODGING TAX.**

195.23    Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law,  
195.24    ordinance, or city charter, the city council for the city of Sleepy Eye may impose, by  
195.25    ordinance, a tax of up to two percent on the gross receipts subject to the lodging tax under  
195.26    Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
195.27    Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
195.28    provision must not exceed five percent. Revenue from the tax imposed under this section  
195.29    may only be used for the same purposes as a tax imposed under Minnesota Statutes, section  
195.30    469.190.

195.31    **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
195.32    city of Sleepy Eye and its chief clerical officer comply with Minnesota Statutes, section  
195.33    645.021, subdivisions 2 and 3.

196.1 **Sec. 25. CITY OF SPICER; TAX AUTHORIZED.**

196.2 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
196.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
196.4 charter, and as approved by the voters at the general election of November 8, 2016, the city  
196.5 of Spicer may impose, by ordinance, a sales and use tax of one-half of one percent for the  
196.6 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
196.7 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
196.8 collection, and enforcement of the tax authorized under this subdivision.

196.9 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized  
196.10 under subdivision 1 must be used by the city of Spicer to pay the costs of collecting and  
196.11 administering the tax and to finance the capital and administrative costs of the following  
196.12 projects:

196.13 (1) pedestrian public safety improvements such as a pedestrian bridge or crosswalk  
196.14 signals at marked Trunk Highway 23;

196.15 (2) park and trail capital improvements including signage for bicycle share the road  
196.16 improvements and replacement of playground and related facilities; and

196.17 (3) capital improvements to regional community facilities such as the Dethelfs roof and  
196.18 window replacement and the Pioneerland branch library roof replacement.

196.19 Subd. 3. Bonding authority. (a) The city of Spicer may issue bonds under Minnesota  
196.20 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
196.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
196.22 not exceed \$800,000, plus an amount to be applied to the payment of the costs of issuing  
196.23 the bonds. The bonds may be paid from or secured by any funds available to the city of  
196.24 Spicer, including the tax authorized under subdivision 1. The issuance of bonds under this  
196.25 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

196.30 Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the  
196.31 earlier of: (1) ten years after the tax is first imposed; (2) December 31, 2027; or (3) when  
196.32 the city council determines that \$800,000, plus an amount sufficient to pay the costs related  
196.33 to issuing the bonds authorized under subdivision 3, including interest on the bonds, has

197.1 been received from the tax to pay for the cost of the projects authorized under subdivision  
197.2 2. All funds not used to pay collection and administration costs of the tax must be used for  
197.3 projects listed in subdivision 2. The tax imposed under subdivision 1 may expire at an earlier  
197.4 time if the city so determines by ordinance.

197.5 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing  
197.6 body of the city of Spicer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

197.7 **Sec. 26. CITY OF WALKER; LOCAL TAXES AUTHORIZED.**

197.8 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
197.9 section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the  
197.10 approval of the voters at the general election on November 6, 2012, the city of Walker may  
197.11 impose by ordinance a sales and use tax of 1-1/2 percent for the purposes specified in  
197.12 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
197.13 administration, collection, and enforcement of the taxes authorized under this subdivision.

197.14 **Subd. 2. Use of revenues.** Revenues received from the tax authorized by subdivision 1  
197.15 must be used to pay all or part of the capital and administrative costs of underground utility,  
197.16 street, curb, gutter, and sidewalk improvements in the city of Walker as outlined in the 2012  
197.17 capital improvement plan of the engineer of the city of Walker.

197.18 **Subd. 3. Bonding authority.** The city of Walker, pursuant to the approval of the voters  
197.19 at the November 6, 2012, referendum authorizing the imposition of the taxes in this section,  
197.20 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
197.21 expenses for the projects described in subdivision 2, in an amount that does not exceed  
197.22 \$20,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
197.23 475.58, is not required.

197.24 **Subd. 4. Termination of tax.** (a) The tax authorized under subdivision 1 terminates at  
197.25 the earlier of:

197.26 (1) 20 years after the date of initial imposition of the tax; or  
197.27 (2) when the city council determines that sufficient funds have been raised from the tax  
197.28 to finance the capital and administrative costs of the improvements described in subdivision  
197.29 2, plus the additional amount needed to pay the costs related to issuance of bonds under  
197.30 subdivision 3, including interest on the bonds.

197.31 (b) Any funds remaining after completion of the projects specified in subdivision 2 and  
197.32 retirement or redemption of bonds in subdivision 3 shall be placed in the general fund of

198.1 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so  
198.2 determines by ordinance.

198.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
198.4 city of Walker and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
198.5 subdivisions 2 and 3.

198.6 **Sec. 27. CLAY COUNTY; TAX AUTHORIZED.**

198.7 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
198.8 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and as  
198.9 approved by the voters at the November 8, 2016, general election, Clay County may impose,  
198.10 by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified  
198.11 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
198.12 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
198.13 of the tax authorized under this subdivision.

198.14 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
198.15 under subdivision 1 must be used by Clay County to pay the costs of collecting and  
198.16 administering the tax and to finance the capital and administrative costs of constructing and  
198.17 equipping a new correctional facility, law enforcement center, and related parking facility.  
198.18 Authorized expenses include but are not limited to paying design, development, and  
198.19 construction costs related to these facilities and improvements, and securing and paying  
198.20 debt service on bonds issued under subdivision 3 or other obligations issued to finance the  
198.21 facilities listed in this subdivision.

198.22 **Subd. 3. Bonding authority.** Clay County may issue bonds under Minnesota Statutes,  
198.23 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
198.24 2. The aggregate principal amount of bonds issued under this subdivision may not exceed  
198.25 \$52,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.  
198.26 The bonds may be paid from or secured by any funds available to Clay County, including  
198.27 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
198.28 subject to Minnesota Statutes, sections 275.60 and 275.61.

198.29 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
198.30 earlier of: (1) 20 years after the tax is first imposed; or (2) when the county board determines  
198.31 that \$52,000,000, plus an amount sufficient to pay the costs related to issuance of the bonds  
198.32 authorized under subdivision 3, including interest on the bonds, has been received from the  
198.33 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
198.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

199.1 in the general fund of the county. The tax imposed under subdivision 1 may expire at an  
199.2 earlier time if the county so determines by ordinance.

199.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of Clay  
199.4 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
199.5 subdivisions 2 and 3.

199.6 **Sec. 28. GARRISON, KATHIO, WEST MILLE LACS LAKE SANITARY**  
199.7 **DISTRICT; TAXES AUTHORIZED.**

199.8 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
199.9 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, and as approved by  
199.10 the voters at the November 8, 2016, general election, the Garrison, Kathio, West Mille Lacs  
199.11 Lake Sanitary District may impose, by majority vote of the governing body of the district,  
199.12 a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except  
199.13 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
199.14 govern the imposition, administration, collection, and enforcement of the tax authorized  
199.15 under this subdivision.

199.16 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
199.17 under subdivision 1 must be used by the Garrison, Kathio, West Mille Lacs Lake Sanitary  
199.18 District to pay the costs of collecting and administering the tax and to repay general obligation  
199.19 revenue notes issued or other debt incurred for the construction of the wastewater collection  
199.20 system through the Minnesota Public Facilities Authority, general obligation disposal system  
199.21 bonds issued to finance the expense incurred in financing construction of sewer system  
199.22 improvements, and notes payable issued for costs associated with the sewer services  
199.23 agreement between the Garrison, Kathio, West Mille Lacs Lake Sanitary District and ML  
199.24 Wastewater Inc., and any other costs associated with system maintenance and improvements,  
199.25 including extension of the system to unserved customers as determined by the governing  
199.26 body of the district.

199.27 **Subd. 3. Bonds.** The Garrison, Kathio, West Mille Lacs Lake Sanitary District, pursuant  
199.28 to the approval of the voters at the November 8, 2016, referendum authorizing the imposition  
199.29 of the tax under this section, may issue general obligation disposal system bonds for financing  
199.30 construction of sewer system improvements without a separate election required under  
199.31 Minnesota Statutes, section 442.25 or 475.58. The amount of bonds that may be issued  
199.32 without a separate election is equal to \$10,000,000 minus the amount of the tax revenue  
199.33 under this section committed to repay other notes as allowed under subdivision 2.

200.1        **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
200.2        earlier of: (1) 20 years after the tax is first imposed; or (2) when the governing body of the  
200.3        Garrison, Kathio, West Mille Lacs Lake Sanitary District determines that \$10,000,000 has  
200.4        been received from the tax to pay for the costs authorized under subdivision 2. Any funds  
200.5        remaining after payment of all such costs and retirement or redemption of the bonds shall  
200.6        be placed in the general fund of the district. The tax imposed under subdivision 1 may expire  
200.7        at an earlier time if the governing body of the district so determines.

200.8        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
200.9        Garrison, Kathio, West Mille Lacs Lake Sanitary District and its chief clerical officer comply  
200.10        with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

200.11        **Sec. 29. EFFECTIVE DATE; VALIDATION OF PRIOR ACT.**

200.12        Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
200.13        Proctor may approve Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter  
200.14        389, article 5, sections 1 and 2, and file its approval with the secretary of state by January  
200.15        1, 2015. If approved under this paragraph, actions undertaken by the city pursuant to the  
200.16        approval of the voters on November 2, 2010, and otherwise in accordance with those laws  
200.17        are validated.

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

200.19        **ARTICLE 6**

200.20        **TAX INCREMENT FINANCING**

200.21        Section 1. Minnesota Statutes 2016, section 469.174, subdivision 12, is amended to read:

200.22        **Subd. 12. Economic development district.** "Economic development district" means a  
200.23        type of tax increment financing district which consists of any project, or portions of a project,  
200.24        which the authority finds to be in the public interest because:

200.25        (1) it will discourage commerce, industry, or manufacturing from moving their operations  
200.26        to another state or municipality; or

200.27        (2) it will result in increased employment in the state; or

200.28        (3) it will result in preservation and enhancement of the tax base of the state; or

200.29        (4) it satisfies the requirements of a workforce housing project under section 469.176,  
200.30        subdivision 4c, paragraph (d).

201.1        **EFFECTIVE DATE.** This section is effective for districts for which the request for  
201.2        certification was made after June 30, 2017.

201.3        Sec. 2. Minnesota Statutes 2016, section 469.175, subdivision 3, is amended to read:

201.4        **Subd. 3. Municipality approval.** (a) A county auditor shall not certify the original net  
201.5        tax capacity of a tax increment financing district until the tax increment financing plan  
201.6        proposed for that district has been approved by the municipality in which the district is  
201.7        located. If an authority that proposes to establish a tax increment financing district and the  
201.8        municipality are not the same, the authority shall apply to the municipality in which the  
201.9        district is proposed to be located and shall obtain the approval of its tax increment financing  
201.10        plan by the municipality before the authority may use tax increment financing. The  
201.11        municipality shall approve the tax increment financing plan only after a public hearing  
201.12        thereon after published notice in a newspaper of general circulation in the municipality at  
201.13        least once not less than ten days nor more than 30 days prior to the date of the hearing. The  
201.14        published notice must include a map of the area of the district from which increments may  
201.15        be collected and, if the project area includes additional area, a map of the project area in  
201.16        which the increments may be expended. The hearing may be held before or after the approval  
201.17        or creation of the project or it may be held in conjunction with a hearing to approve the  
201.18        project.

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

201.22        (1) that the proposed tax increment financing district is a redevelopment district, a  
201.23        renewal or renovation district, a housing district, a soils condition district, or an economic  
201.24        development district; if the proposed district is a redevelopment district or a renewal or  
201.25        renovation district, the reasons and supporting facts for the determination that the district  
201.26        meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or  
201.27        subdivision 10a, must be documented in writing and retained and made available to the  
201.28        public by the authority until the district has been terminated;

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

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

201.32        (ii) the increased market value of the site that could reasonably be expected to occur  
201.33        without the use of tax increment financing would be less than the increase in the market

202.1 value estimated to result from the proposed development after subtracting the present value  
202.2 of the projected tax increments for the maximum duration of the district permitted by the  
202.3 plan. The requirements of this item do not apply if the district is a housing district;

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

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

202.9 (5) that the municipality elects the method of tax increment computation set forth in  
202.10 section 469.177, subdivision 3, paragraph (b), if applicable.

202.11 (c) When the municipality and the authority are not the same, the municipality shall  
202.12 approve or disapprove the tax increment financing plan within 60 days of submission by  
202.13 the authority. When the municipality and the authority are not the same, the municipality  
202.14 may not amend or modify a tax increment financing plan except as proposed by the authority  
202.15 pursuant to subdivision 4. Once approved, the determination of the authority to undertake  
202.16 the project through the use of tax increment financing and the resolution of the governing  
202.17 body shall be conclusive of the findings therein and of the public need for the financing.

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

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

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

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

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

202.29 (f) Before or at the time of approval of the tax increment financing plan for a district to  
202.30 be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph  
202.31 (d), the municipality shall make the following findings and set forth in writing the reasons  
202.32 and supporting facts for each determination:

203.1        (1) the city is located outside of the metropolitan area, as defined in section 473.121,  
203.2        subdivision 2;

203.3        (2) the average vacancy rate for rental housing located in the municipality and in any  
203.4        statutory or home rule charter city located within 15 miles or less of the boundaries of the  
203.5        municipality has been three percent or less for at least the immediately preceding two-year  
203.6        period;

203.7        (3) at least one business located in the municipality or within 15 miles of the municipality  
203.8        that employs a minimum of 20 full-time equivalent employees in aggregate has provided a  
203.9        written statement to the municipality indicating that the lack of available rental housing has  
203.10        impeded the ability of the business to recruit and hire employees; and

203.11        (4) the municipality and the development authority intend to use increments from the  
203.12        district for the development of rental housing to serve employees of businesses located in  
203.13        the municipality or surrounding area.

203.14        (g) The county auditor may not certify the original tax capacity of an economic  
203.15        development tax increment financing district for a workforce housing project if the request  
203.16        for certification is made after June 30, 2027.

203.17        **EFFECTIVE DATE.** This section is effective for districts for which the request for  
203.18        certification was made after June 30, 2017.

203.19        Sec. 3. Minnesota Statutes 2016, section 469.176, subdivision 4c, is amended to read:

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

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

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

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

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

203.31        (5) tourism facilities; ~~or~~

204.1        (6) space necessary for and related to the activities listed in clauses (1) to (5); or

204.2        (7) a workforce housing project that satisfies the requirements of paragraph (d).

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

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

204.15        (d) A project qualifies as a workforce housing project under this subdivision if:

204.16        (1) increments from the district are used exclusively to assist in the acquisition of  
204.17 property; construction of improvements; and provision of loans or subsidies, grants, interest  
204.18 rate subsidies, public infrastructure, and related financing costs for rental housing  
204.19 developments in the municipality;

204.20        (2) the governing body of the municipality made the findings for the project required  
204.21 by section 469.175, subdivision 3, paragraph (f); and

204.22        (3) the governing bodies of the county and the school district, following receipt, review,  
204.23 and discussion of the materials required by section 469.175, subdivision 2, for the tax  
204.24 increment financing district, have each approved the tax increment financing plan, by  
204.25 resolution.

204.26        **EFFECTIVE DATE.** This section is effective for districts for which the request for  
204.27 certification was made after June 30, 2017.

204.28        Sec. 4. Minnesota Statutes 2016, section 469.1761, is amended by adding a subdivision  
204.29 to read:

204.30        **Subd. 5. Income limits; Minnesota Housing Finance Agency challenge program.**

204.31        For a project receiving a loan or grant from the Minnesota Housing Finance Agency challenge

205.1 program under section 462A.33, the income limits under section 462A.33 are substituted  
205.2 for the applicable income limits for the project under subdivision 2 or 3.

205.3 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
205.4 certification was made after June 30, 2017.

205.5 Sec. 5. Minnesota Statutes 2016, section 469.1763, subdivision 1, is amended to read:

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

205.8 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils  
205.9 correction, removal of hazardous waste or pollution, installation of utilities, construction  
205.10 of public or private improvements, and other similar activities, but only to the extent that  
205.11 tax increment revenues may be spent for such purposes under other law.

205.12 (c) "Third party" means an entity other than (1) the person receiving the benefit of  
205.13 assistance financed with tax increments, or (2) the municipality or the development authority  
205.14 or other person substantially under the control of the municipality.

205.15 (d) "Revenues derived from tax increments paid by properties in the district" means only  
205.16 tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include  
205.17 tax increment as defined in section 469.174, subdivision 25, clauses (2), ~~(3), and (4)~~ to (5).

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

205.19 Sec. 6. Minnesota Statutes 2016, section 469.1763, subdivision 2, is amended to read:

205.20 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
205.21 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
205.22 by properties in the district must be expended on activities in the district or to pay bonds,  
205.23 to the extent that the proceeds of the bonds were used to finance activities in the district or  
205.24 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
205.25 than redevelopment districts for which the request for certification was made after June 30,  
205.26 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
205.27 more than 25 percent of the total revenue derived from tax increments paid by properties  
205.28 in the district may be expended, through a development fund or otherwise, on activities  
205.29 outside of the district but within the defined geographic area of the project except to pay,  
205.30 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
205.31 redevelopment districts for which the request for certification was made after June 30, 1995,  
205.32 the pooling percentage for purposes of the preceding sentence is 20 percent. The ~~revenue~~

206.1     revenues derived from tax increments ~~for~~ paid by properties in the district that are expended  
206.2     on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
206.3     calculating the percentages that must be expended within and without the district.

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

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

206.10    (d) The authority may elect, in the tax increment financing plan for the district, to increase  
206.11    by up to ten percentage points the permitted amount of expenditures for activities located  
206.12    outside the geographic area of the district under paragraph (a). As permitted by section  
206.13    469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
206.14    paragraph (a), need not be made within the geographic area of the project. Expenditures  
206.15    that meet the requirements of this paragraph are legally permitted expenditures of the district,  
206.16    notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
206.17    under this paragraph, the expenditures must:

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

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

206.23    (3) be used to:

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

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

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

206.27    (4) be used to develop housing:

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

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

206.30    or

206.31    (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
206.32    473.121, or \$125,000 for all other municipalities; and

207.1       (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
207.2       of existing structures, site preparation, and pollution abatement on one or more parcels, if  
207.3       the parcel contains a residence containing one to four family dwelling units that has been  
207.4       vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
207.5       7, but without regard to whether the residence is the owner's principal residence, and only  
207.6       after the redemption period has expired.

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

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

207.13      Sec. 7. Minnesota Statutes 2016, section 469.1763, subdivision 3, is amended to read:

207.14      **Subd. 3. Five-year rule.** (a) Revenues derived from tax increments paid by properties  
207.15      in the district are considered to have been expended on an activity within the district under  
207.16      subdivision 2 only if one of the following occurs:

207.17      (1) before or within five years after certification of the district, the revenues are actually  
207.18      paid to a third party with respect to the activity;

207.19      (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
207.20      sold to a third party before or within five years after certification, the revenues are spent to  
207.21      repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably  
207.22      expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable  
207.23      temporary period within the meaning of the use of that term under section 148(c)(1) of the  
207.24      Internal Revenue Code, or are deposited in a reasonably required reserve or replacement  
207.25      fund;

207.26      (3) binding contracts with a third party are entered into for performance of the activity  
207.27      before or within five years after certification of the district and the revenues are spent under  
207.28      the contractual obligation;

207.29      (4) costs with respect to the activity are paid before or within five years after certification  
207.30      of the district and the revenues are spent to reimburse a party for payment of the costs,  
207.31      including interest on unreimbursed costs; or

208.1       (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
208.2       (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
208.3       2, paragraph (e).

208.4       (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
208.5       original refunded bonds meet the requirements of paragraph (a), clause (2).

208.6       (c) For a redevelopment district or a renewal and renovation district certified after June  
208.7       30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
208.8       extended to ten years after certification of the district. For a redevelopment district certified  
208.9       after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
208.10       (a) are extended to eight years after certification of the district. This extension is provided  
208.11       primarily to accommodate delays in development activities due to unanticipated economic  
208.12       circumstances.

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

208.14       Sec. 8. Minnesota Statutes 2016, section 469.178, subdivision 7, is amended to read:

208.15       Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money  
208.16       to finance expenditures under section 469.176, subdivision 4, from its general fund or any  
208.17       other fund under which it has legal authority to do so.

208.18       (b) Not later than 60 days after money is transferred, advanced, or spent, whichever is  
208.19       earliest, the loan or advance must be authorized, by resolution of the governing body or of  
208.20       the authority, whichever has jurisdiction over the fund from which the advance or loan is  
208.21       authorized, ~~before money is transferred, advanced, or spent, whichever is earliest~~.

208.22       (c) The resolution may generally grant to the municipality or the authority the power to  
208.23       make interfund loans under one or more tax increment financing plans or for one or more  
208.24       districts. The resolution may be adopted before or after the adoption of the tax increment  
208.25       financing plan or the creation of the tax increment financing district from which the advance  
208.26       or loan is to be repaid.

208.27       (d) The terms and conditions for repayment of the loan must be provided in writing and,  
208.28       The written terms and conditions may be in any form, but must include, at a minimum, the  
208.29       principal amount, the interest rate, and maximum term. Written terms may be modified or  
208.30       amended in writing by the municipality or the authority before the latest decertification of  
208.31       any tax increment financing district from which the interfund loan is to be repaid. The  
208.32       maximum rate of interest permitted to be charged is limited to the greater of the rates  
208.33       specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized,

unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(e) The authority shall report in the annual report submitted under section 469.175, subdivision 6:

(1) the amount of any interfund loan or advance made in a calendar year; and

(2) any amendment of an interfund loan or advance made in a calendar year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 9. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

**Subd. 2. Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, economic development district, soil condition district, or a soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area (excluding street and railroad right of way) are characterized by one or more of the following conditions:

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

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

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

(4) quarries or similar resource extraction sites;

(5) floodway; and

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

(c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be characterized by the relevant condition if at least 70 percent of the area of the parcel contains

210.1 the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to  
210.2 be characterized by substandard buildings if the buildings occupy at least 30 percent of the  
210.3 area of the parcel.

210.4 (d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is  
210.5 extended to nine years for any district. The five-year rule under Minnesota Statutes, section  
210.6 469.1763, subdivision 3, is extended to ten years for any district, and section 469.1763,  
210.7 subdivision 4, does not apply to any district.

210.8 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph  
210.9 (a), not more than 80 percent of the total revenue derived from tax increments paid by  
210.10 properties in any district (measured over the life of the district) may be expended on activities  
210.11 outside the district but within the project area.

210.12 (f) For a soil deficiency district:

210.13 (1) increments may be collected through 20 years after the receipt by the authority of  
210.14 the first increment from the district; and

210.15 (2) except as otherwise provided in this subdivision, increments may be used only to:

210.16 (i) acquire parcels on which the improvements described in item (ii) will occur;

210.17 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
210.18 cost of installing public improvements directly caused by the deficiencies; and

210.19 (iii) pay for the administrative expenses of the authority allocable to the district.

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

210.23 (h) Increments from any district may not be used to pay the costs of landfill closure or  
210.24 public infrastructure located on the following parcels within the plat known as Burnsville  
210.25 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

210.26 (i) The authority to approve tax increment financing plans to establish tax increment  
210.27 financing districts under this section expires on December 31, 2018 2020.

210.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
210.29 city of Burnsville and its chief clerical officer comply with Minnesota Statutes, section  
210.30 645.021, subdivisions 2 and 3.

211.1 Sec. 10. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter  
211.2 382, section 84, is amended to read:

211.3 **Sec. 17. SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT  
211.4 FINANCING DISTRICT; SPECIAL RULES.**

211.5 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and  
211.6 the governing body of the city of Duluth approves the plan for the tax increment financing  
211.7 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;  
211.8 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;  
211.9 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160;  
211.10 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250;  
211.11 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380;  
211.12 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530;  
211.13 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580;  
211.14 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580;  
211.15 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota  
211.16 Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year  
211.17 period from the date of certification of the tax increment financing district, must be  
211.18 considered to be met if the activities are undertaken within five years after the date all  
211.19 qualifying parcels are delisted from the Federal Superfund list.

211.20 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning  
211.21 in the sixth year following certification of the district requirement, will begin in the sixth  
211.22 year following the date all qualifying parcels are delisted from the Federal Superfund list.

211.23 (c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are  
211.24 satisfied if the action is commenced within four years after the date all qualifying parcels  
211.25 are delisted from the Federal Superfund list and evidence of the action required is submitted  
211.26 to the county auditor by February 1 of the fifth year following the year in which all qualifying  
211.27 parcels are delisted from the Federal Superfund list.

211.28 (d) For purposes of this section, "qualifying parcels" means United States Steel parcels  
211.29 listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the  
211.30 USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02) that are included in the  
211.31 tax increment financing district.

211.32 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,  
211.33 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels  
211.34 listed in paragraph (a) and shown as part of the USS St. Louis River-U.S. Steel Superfund

212.1 Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted  
212.2 status, and if delisted, the delisting date.

212.3 (f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other  
212.4 law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan  
212.5 program before approval of the tax increment financing plan for or the establishment of the  
212.6 district authorized by this section. The authority may make loans under this program. The  
212.7 proceeds of the loans may be used for any permitted use of increments under this law or  
212.8 Minnesota Statutes, section 469.176, for the district and may be repaid with increments  
212.9 from the district established under this section. This paragraph applies to any action  
212.10 authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

212.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
212.12 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
212.13 subdivisions 2 and 3.

212.14 Sec. 11. Laws 2014, chapter 308, article 6, section 8, subdivision 1, is amended to read:

212.15 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
212.16 Edina or its development authority may establish one or more tax increment financing  
212.17 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
212.18 exist on March 31, 2014.

212.19 (b) The authority to request certification of districts under this section expires on June  
212.20 30, 2017 December 31, 2019.

212.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
212.22 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
212.23 subdivisions 2 and 3.

212.24 Sec. 12. Laws 2014, chapter 308, article 6, section 9, is amended to read:

212.25 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

212.28 (b) "City" means the city of Maple Grove.

212.29 (c) "Project area" means all or a portion of the area in the city commencing at a point  
212.30 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section  
212.31 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way

213.1 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock  
213.2 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,  
213.3 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of  
213.4 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees  
213.5 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance  
213.6 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue  
213.7 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter  
213.8 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west  
213.9 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55  
213.10 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section  
213.11 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence  
213.12 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,  
213.13 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said  
213.14 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence  
213.15 South along the east line of said Outlot A and its southerly extension to the south right-of-way  
213.16 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way  
213.17 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of  
213.18 Section 24; thence South along said east line to the north line of the South Half of the  
213.19 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way  
213.20 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of  
213.21 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west  
213.22 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot  
213.23 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North  
213.24 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east  
213.25 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south  
213.26 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State  
213.27 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the  
213.28 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of  
213.29 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way  
213.30 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary  
213.31 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence  
213.32 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning  
213.33 and there terminating, provided that the project area includes the rights-of-way for all present  
213.34 and future highway interchanges abutting the area described in this paragraph, and may  
213.35 include any additional property necessary to cause the property included in the tax increment  
213.36 financing district to consist of complete parcels.

214.1       (d) "Soil deficiency district" means a type of tax increment financing district consisting  
214.2       of a portion of the project area in which the city finds by resolution that the following  
214.3       conditions exist:

214.4       (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in  
214.5       the district require substantial filling, grading, or other physical preparation for use; and

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

214.11      Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
214.12      financing plan for a district, the rules under this section apply to a redevelopment district,  
214.13      renewal and renovation district, soil condition district, or soil deficiency district established  
214.14      by the city or a development authority of the city in the project area.

214.15      (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
214.16      rules under this subdivision, the city must find by resolution that parcels consisting of at  
214.17      least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
214.18      are characterized by one or more of the following conditions:

214.19      (1) peat or other soils with geotechnical deficiencies that impair development of  
214.20      commercial buildings or infrastructure;

214.21      (2) soils or terrain that require substantial filling in order to permit the development of  
214.22      commercial buildings or infrastructure;

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

214.24      (4) quarries or similar resource extraction sites;

214.25      (5) floodway; and

214.26      (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
214.27      subdivision 10.

214.28      (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
214.29      relevant condition if at least 70 percent of the area of the parcel contains the relevant  
214.30      condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
214.31      substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
214.32      parcel.

215.1 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
215.2 extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision  
215.3 4, does not apply to any district.

215.4 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
215.5 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
215.6 increments paid by properties in any district, measured over the life of the district, may be  
215.7 expended on activities outside the district but within the project area.

215.8 (f) For a soil deficiency district:

215.9 (1) increments may be collected through 20 years after the receipt by the authority of  
215.10 the first increment from the district;

215.11 (2) increments may be used only to:

215.12 (i) acquire parcels on which the improvements described in item (ii) will occur;  
215.13 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
215.14 cost of installing public improvements directly caused by the deficiencies; and

215.15 (iii) pay for the administrative expenses of the authority allocable to the district; and

215.16 (3) any parcel acquired with increments from the district must be sold at no less than  
215.17 their fair market value.

215.18 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
215.19 district but within the project area, are deemed to satisfy the requirements of Minnesota  
215.20 Statutes, section 469.176, subdivision 4j.

215.21 (h) The authority to approve tax increment financing plans to establish tax increment  
215.22 financing districts under this section expires June 30, 2020.

215.23 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use  
215.24 increments from a soil deficiency district to acquire parcels and for other infrastructure costs  
215.25 either inside or outside of the district, but within the project area, if the acquisition or  
215.26 infrastructure is for a qualified development. For purposes of this paragraph, a development  
215.27 is a qualified development only if all of the following requirements are satisfied:

215.28 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken  
215.29 primarily to serve the development;

215.30 (2) the city has a binding, written commitment and adequate financial assurances from  
215.31 the developer that the development will be constructed; and

216.1 (3) the development does not consist of retail trade or housing improvements.

216.2 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
216.3 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section  
216.4 645.021, subdivisions 2 and 3.

216.5 **Sec. 13. CITY OF ANOKA; GREENS OF ANOKA TIF DISTRICT.**

216.6 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
216.7 city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed  
216.8 to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and  
216.9 the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if  
216.10 the district were certified on that date.

216.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
216.12 city of Anoka and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
216.13 subdivisions 2 and 3.

216.14 **Sec. 14. CITY OF COON RAPIDS; TIF DISTRICT 6-1; PORT RIVERWALK.**

216.15 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b,  
216.16 or any other law to the contrary, the city of Coon Rapids may collect tax increment from  
216.17 District 6-1 Port Riverwalk through December 31, 2038.

216.18 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
216.19 of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with  
216.20 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
216.21 subdivisions 2 and 3.

216.22 **Sec. 15. CITY OF COTTAGE GROVE; TIF DISTRICT 1-12; GATEWAY NORTH.**

216.23 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
216.24 must be undertaken within a five-year period from the date of certification of a tax increment  
216.25 financing district, is considered to be met for Tax Increment Financing District No. 1-12  
216.26 (Gateway North), administered by the Cottage Grove Economic Development Authority,  
216.27 if the activities are undertaken prior to January 1, 2017.

216.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
216.29 city of Cottage Grove and its chief clerical officer comply with Minnesota Statutes, section  
216.30 645.021, subdivisions 2 and 3.

217.1 **Sec. 16. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

217.2 Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3,  
217.3 the chief clerical officer of the city of Edina may file with the secretary of state certificate  
217.4 of approval of Laws 2014, chapter 308, article 6, section 8, by December 31, 2016, and, if  
217.5 the certificate is so filed and the requirements of Minnesota Statutes, section 645.021,  
217.6 subdivision 3, are otherwise complied with, the special law is deemed approved, and all  
217.7 actions taken by the city before the effective date of this section in reliance on Laws 2014,  
217.8 chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article  
217.9 6, section 8, and this act.

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

217.11 **Sec. 17. CITY OF MOORHEAD; TIF DISTRICT; FIRST AVENUE NORTH.**

217.12 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
217.13 city of Moorhead's 1st Avenue North (Central Corridors) Redevelopment Tax Increment  
217.14 Financing District is deemed to be certified on June 29, 2012, rather than its actual  
217.15 certification date of July 12, 2012, and Minnesota Statutes, section 469.1763, subdivisions  
217.16 3 and 4, apply as if the district were certified on that date.

217.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
217.18 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section  
217.19 645.021, subdivisions 2 and 3.

217.20 **Sec. 18. CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF**  
217.21 **DISTRICT.**

217.22 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law  
217.23 to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and  
217.24 for the city of Richfield may elect to extend the duration limit of the redevelopment tax  
217.25 increment financing district known as the Cedar Avenue Tax Increment Financing District  
217.26 established by Laws 2005, chapter 152, article 2, section 25, by ten years.

217.27 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
217.28 of the city of Richfield, Hennepin County, and Independent School District No. 280 with  
217.29 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021,  
217.30 subdivisions 2 and 3.

218.1      **Sec. 19. CITY OF RICHFIELD; LYNDALE GARDENS TIF DISTRICT;**  
218.2      **FIVE-YEAR RULE EXTENSION.**

218.3      The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
218.4      must be undertaken within a five-year period from the date of certification of a tax increment  
218.5      financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing  
218.6      District established by the city of Richfield and the housing and redevelopment authority  
218.7      in and for the city of Richfield if the activities are undertaken within seven years from the  
218.8      date of certification.

218.9      **EFFECTIVE DATE.** This section is effective the day after the city of Richfield and  
218.10     its chief clerical officer comply with Minnesota Statutes, sections 469.1782, subdivision 2,  
218.11     and 645.021, subdivisions 2 and 3.

218.12     **Sec. 20. CITY OF ST. LOUIS PARK; ELMWOOD VILLAGE TIF DISTRICT;**  
218.13     **POOLING PERCENTAGE INCREASE.**

218.14     For purposes of the Elmwood Village Tax Increment Financing District in the city of  
218.15     St. Louis Park, including the duration extension authorized by Laws 2009, chapter 88, article  
218.16     5, section 19, the permitted percentage of increments that may be expended on activities  
218.17     outside the district under Minnesota Statutes, section 469.1763, subdivision 2, is increased  
218.18     to 30 percent for the district.

218.19     **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
218.20     city of St. Louis Park and its chief clerical officer comply with Minnesota Statutes, section  
218.21     645.021, subdivisions 2 and 3.

218.22     **Sec. 21. CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

218.23     (a) For purposes of computing the duration limits under Minnesota Statutes, section  
218.24     469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul  
218.25     may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing  
218.26     District. This authority is limited to the first four years of increment or increments derived  
218.27     from taxes payable in 2023, whichever occurs first.

218.28     (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of  
218.29     applying any limits based on when the district was certified under Minnesota Statutes,  
218.30     section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed  
218.31     to be January 2 of the property tax assessment year for which increment is first received  
218.32     under the waiver.

219.1       **EFFECTIVE DATE.** This section is effective July 1, 2017, without local approval  
219.2       under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

219.3       **Sec. 22. WASHINGTON COUNTY; NEWPORT REDROCK CROSSING PROJECT**  
219.4       **TIF DISTRICT; SPECIAL RULES AUTHORIZATION.**

219.5       (a) If Washington County elects, upon the adoption of a tax increment financing plan  
219.6       for a district, the rules under this section apply to one or more tax increment financing  
219.7       districts established by the county or the community development agency of the county.  
219.8       The area within which the tax increment districts may be created is located in the city of  
219.9       Newport and is south of marked Interstate Highway 494, north of 15th Street extended to  
219.10       the Mississippi River, east of the Mississippi River, and west of marked Trunk Highway  
219.11       61 and the adjacent rights-of-way and shall be referred to as the "Newport Red Rock Crossing  
219.12       Project Area" or "project area."

219.13       (b) The requirements for qualifying a redevelopment district under Minnesota Statutes,  
219.14       section 469.174, subdivision 10, do not apply to the parcels identified by parcel identification  
219.15       numbers: 2602822440051, 260282244050, 260282244049, 260282244048, 2602822440046,  
219.16       2602822440045, 260282244044, 2602822440043, 2602822440026, 2602822440025,  
219.17       260282244024, and 2602822440023, which are deemed substandard for the purpose of  
219.18       qualifying the district as a redevelopment district.

219.19       (c) Increments spent outside a district shall only be spent within the project area and on  
219.20       costs described in Minnesota Statutes, section 469.176, subdivision 4j.

219.21       (d) Notwithstanding anything to the contrary in Minnesota Statutes, section 469.1763,  
219.22       subdivision 2, paragraph (a), not more than 30 percent of the total revenue derived from tax  
219.23       increments paid by properties in any district, measured over the life of the district, may be  
219.24       expended on activities outside the district but within the project area. The five-year rule  
219.25       under Minnesota Statutes, section 469.1763, subdivision 3, applies as if the limit is nine  
219.26       years.

219.27       (e) The authority to approve a tax increment financing plan and to establish a tax  
219.28       increment financing district under this section expires December 31, 2027.

219.29       **EFFECTIVE DATE.** This section is effective and shall retroactively include the  
219.30       redevelopment district in the project area approved by Washington County on November  
219.31       8, 2016, upon approval by the governing body of the city of Newport and upon compliance  
219.32       by Washington County and its chief clerical officer with Minnesota Statutes, section 645.021,  
219.33       subdivisions 2 and 3.

220.1 Sec. 23. **CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.**

220.2 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
220.3 activities must be undertaken within a five-year period from the date of certification of a  
220.4 tax increment financing district, are considered to be met for Tax Increment Financing  
220.5 District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from  
220.6 the district are expended for any project contemplated by the original tax increment financing  
220.7 plan for the district, including, without limitation, a municipal parking ramp within the  
220.8 district.

220.9 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not  
220.10 apply to the district if the revenues derived from tax increment from the district are expended  
220.11 for any project contemplated by the original tax increment financing plan for the district,  
220.12 including, without limitation, a municipal parking ramp within the district.

220.13 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical  
220.14 officer of the governing body of the city of Wayzata with the requirements of Minnesota  
220.15 Statutes, section 645.021, subdivisions 2 and 3.

220.16 **ARTICLE 7**

220.17 **PUBLIC FINANCE**

220.18 Section 1. Minnesota Statutes 2016, section 366.095, subdivision 1, is amended to read:

220.19 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
220.20 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
220.21 certificates shall be payable in not more than ten years and be issued on the terms and in  
220.22 the manner as the board may determine, provided that notes issued for projects that eliminate  
220.23 R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more  
220.24 than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the  
220.25 estimated market value of the town, they shall not be issued for at least ten days after  
220.26 publication in a newspaper of general circulation in the town of the board's resolution  
220.27 determining to issue them. If within that time, a petition asking for an election on the  
220.28 proposition signed by voters equal to ten percent of the number of voters at the last regular  
220.29 town election is filed with the clerk, the certificates shall not be issued until their issuance  
220.30 has been approved by a majority of the votes cast on the question at a regular or special  
220.31 election. A tax levy shall be made to pay the principal and interest on the certificates as in  
220.32 the case of bonds.

221.1 Sec. 2. Minnesota Statutes 2016, section 383B.117, subdivision 2, is amended to read:

221.2 **Subd. 2. Equipment acquisition; capital notes.** The board may, by resolution and  
221.3 without public referendum, issue capital notes within existing debt limits for the purpose  
221.4 of purchasing ambulance and other medical equipment, road construction or maintenance  
221.5 equipment, public safety equipment and other capital equipment having an expected useful  
221.6 life at least equal to the term of the notes issued. The notes shall be payable in not more  
221.7 than ten years and shall be issued on terms and in a manner as the board determines, provided  
221.8 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
221.9 (b), clause (2), must be payable in not more than 20 years. The total principal amount of  
221.10 the notes issued for any fiscal year shall not exceed one percent of the total annual budget  
221.11 for that year and shall be issued solely for the purchases authorized in this subdivision. A  
221.12 tax levy shall be made for the payment of the principal and interest on such notes as in the  
221.13 case of bonds. For purposes of this subdivision, "equipment" includes computer hardware  
221.14 and software, whether bundled with machinery or equipment or unbundled. For purposes  
221.15 of this subdivision, the term "medical equipment" includes computer hardware and software  
221.16 and other intellectual property for use in medical diagnosis, medical procedures, research,  
221.17 record keeping, billing, and other hospital applications, together with application development  
221.18 services and training related to the use of the computer hardware and software and other  
221.19 intellectual property, all without regard to their useful life. For purposes of determining the  
221.20 amount of capital notes which the county may issue in any year, the budget of the county  
221.21 and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this  
221.22 subdivision shall be in addition to obligations issuable under section 373.01, subdivision  
221.23 3.

221.24 Sec. 3. Minnesota Statutes 2016, section 410.32, is amended to read:

221.25 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

221.26 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
221.27 city may, by resolution and without public referendum, issue capital notes subject to the  
221.28 city debt limit to purchase capital equipment.

221.29 (b) For purposes of this section, "capital equipment" means:

221.30 (1) public safety equipment, ambulance and other medical equipment, road construction  
221.31 and maintenance equipment, and other capital equipment; and

222.1       (2) computer hardware and software, whether bundled with machinery or equipment or  
222.2 unbundled, together with application development services and training related to the use  
222.3 of the computer hardware and software.

222.4       (c) The equipment or software must have an expected useful life at least as long as the  
222.5 term of the notes.

222.6       (d) The notes shall be payable in not more than ten years and be issued on terms and in  
222.7 the manner the city determines, provided that notes issued for projects that eliminate R-22,  
222.8 as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than  
222.9 20 years. The total principal amount of the capital notes issued in a fiscal year shall not  
222.10 exceed 0.03 percent of the estimated market value of taxable property in the city for that  
222.11 year.

222.12       (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
222.13 in accordance with section 475.61, as in the case of bonds.

222.14       (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
222.15 governing body of the city.

222.16       (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
222.17 city may also issue capital notes subject to its debt limit in the manner and subject to the  
222.18 limitations applicable to statutory cities pursuant to section 412.301.

222.19       Sec. 4. Minnesota Statutes 2016, section 412.301, is amended to read:

222.20       **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

222.21       (a) The council may issue certificates of indebtedness or capital notes subject to the city  
222.22 debt limits to purchase capital equipment.

222.23       (b) For purposes of this section, "capital equipment" means:

222.24       (1) public safety equipment, ambulance and other medical equipment, road construction  
222.25 and maintenance equipment, and other capital equipment; and

222.26       (2) computer hardware and software, whether bundled with machinery or equipment or  
222.27 unbundled, together with application development services and training related to the use  
222.28 of the computer hardware or software.

222.29       (c) The equipment or software must have an expected useful life at least as long as the  
222.30 terms of the certificates or notes.

223.1 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
223.2 issued on such terms and in such manner as the council may determine, provided, however,  
223.3 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
223.4 (b), clause (2), must be payable in not more than 20 years.

223.5 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
223.6 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
223.7 not be issued for at least ten days after publication in the official newspaper of a council  
223.8 resolution determining to issue them; and if before the end of that time, a petition asking  
223.9 for an election on the proposition signed by voters equal to ten percent of the number of  
223.10 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
223.11 shall not be issued until the proposition of their issuance has been approved by a majority  
223.12 of the votes cast on the question at a regular or special election.

223.13 (f) A tax levy shall be made for the payment of the principal and interest on such  
223.14 certificates or notes, in accordance with section 475.61, as in the case of bonds.

223.15 **Sec. 5. [416.17] VOTER APPROVAL REQUIRED; LEASES OF PUBLIC**  
223.16 **BUILDINGS.**

223.17 Subdivision 1. Reverse referendum; certain leases. (a) Before executing a qualified  
223.18 lease, a municipality must publish notice of its intention to execute the lease and the date  
223.19 and time of a hearing to obtain public comment on the matter. The notice must be published  
223.20 in the official newspaper of the municipality or in a newspaper of general circulation in the  
223.21 municipality and must include a statement of the amount of the obligations to be issued by  
223.22 the authority and the maximum amount of annual rent to be paid by the municipality under  
223.23 the qualified lease. The notice must be published at least 14, but not more than 28, days  
223.24 before the date of the hearing.

223.25 (b) A municipality may enter a lease subject to paragraph (a) only upon obtaining the  
223.26 approval of a majority of the voters voting on the question of issuing the obligations, if a  
223.27 petition requesting a vote on the issuance is signed by voters equal to ten percent of the  
223.28 votes cast in the municipality in the last state general election and is filed with the county  
223.29 auditor within 30 days after the public hearing.

223.30 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the  
223.31 meanings given them.

223.32 (b) "Authority" includes any of the following governmental units, the boundaries of  
223.33 which include all or part of the geographic area of the municipality:

224.1        (1) a housing and redevelopment authority, as defined in section 469.002, subdivision  
224.2        2;

224.3        (2) a port authority, as defined in section 469.048;  
224.4        (3) an economic development authority, as established under section 469.091; or  
224.5        (4) an entity established or exercising powers under a special law with powers similar  
224.6        to those of an entity described in clauses (1) to (3).

224.7        (c) "Municipality" means a statutory or home rule charter city, a county, or a town  
224.8        described in section 368.01, but does not include a city of the first class, however organized,  
224.9        as defined in section 410.01.

224.10        (d) "Qualified lease" means a lease for use of public land, all or part of a public building,  
224.11        or other public facilities consisting of real property for a term of three or more years as a  
224.12        lessee if the property to be leased to the municipality was acquired or improved with the  
224.13        proceeds of obligations, as defined in section 475.51, subdivision 3, issued by an authority.

224.14        Sec. 6. Minnesota Statutes 2016, section 469.034, subdivision 2, is amended to read:

224.15        **Subd. 2. General obligation revenue bonds.** (a) An authority may pledge the general  
224.16        obligation of the general jurisdiction governmental unit as additional security for bonds  
224.17        payable from income or revenues of the project or the authority. The authority must find  
224.18        that the pledged revenues will equal or exceed 110 percent of the principal and interest due  
224.19        on the bonds for each year. The proceeds of the bonds must be used for a qualified housing  
224.20        development project or projects. The obligations must be issued and sold in the manner and  
224.21        following the procedures provided by chapter 475, except the obligations are not subject to  
224.22        approval by the electors, and the maturities may extend to not more than 35 years for  
224.23        obligations sold to finance housing for the elderly and 40 years for other obligations issued  
224.24        under this subdivision. The authority is the municipality for purposes of chapter 475.

224.25        (b) The principal amount of the issue must be approved by the governing body of the  
224.26        general jurisdiction governmental unit whose general obligation is pledged. Public hearings  
224.27        must be held on issuance of the obligations by both the authority and the general jurisdiction  
224.28        governmental unit. The hearings must be held at least 15 days, but not more than 120 days,  
224.29        before the sale of the obligations.

224.30        (c) The maximum amount of general obligation bonds that may be issued and outstanding  
224.31        under this section equals the greater of (1) one-half of one percent of the estimated market  
224.32        value of the general jurisdiction governmental unit whose general obligation is pledged, or  
224.33        (2) \$3,000,000 \$5,000,000. In the case of county or multicounty general obligation bonds,

225.1 the outstanding general obligation bonds of all cities in the county or counties issued under  
225.2 this subdivision must be added in calculating the limit under clause (1).

225.3 (d) "General jurisdiction governmental unit" means the city in which the housing  
225.4 development project is located. In the case of a county or multicounty authority, the county  
225.5 or counties may act as the general jurisdiction governmental unit. In the case of a multicounty  
225.6 authority, the pledge of the general obligation is a pledge of a tax on the taxable property  
225.7 in each of the counties.

225.8 (e) "Qualified housing development project" means a housing development project  
225.9 providing housing either for the elderly or for individuals and families with incomes not  
225.10 greater than 80 percent of the median family income as estimated by the United States  
225.11 Department of Housing and Urban Development for the standard metropolitan statistical  
225.12 area or the nonmetropolitan county in which the project is located. The project must be  
225.13 owned for the term of the bonds either by the authority or by a limited partnership or other  
225.14 entity in which the authority or another entity under the sole control of the authority is the  
225.15 sole general partner and the partnership or other entity must receive (1) an allocation from  
225.16 the Department of Management and Budget or an entitlement issuer of tax-exempt bonding  
225.17 authority for the project and a preliminary determination by the Minnesota Housing Finance  
225.18 Agency or the applicable suballocator of tax credits that the project will qualify for four  
225.19 percent low-income housing tax credits or (2) a reservation of nine percent low-income  
225.20 housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax  
225.21 credits for the project. A qualified housing development project may admit nonelderly  
225.22 individuals and families with higher incomes if:

225.23 (1) three years have passed since initial occupancy;

225.24 (2) the authority finds the project is experiencing unanticipated vacancies resulting in  
225.25 insufficient revenues, because of changes in population or other unforeseen circumstances  
225.26 that occurred after the initial finding of adequate revenues; and

225.27 (3) the authority finds a tax levy or payment from general assets of the general jurisdiction  
225.28 governmental unit will be necessary to pay debt service on the bonds if higher income  
225.29 individuals or families are not admitted.

225.30 (f) The authority may issue bonds to refund bonds issued under this subdivision in  
225.31 accordance with section 475.67. The finding of the adequacy of pledged revenues required  
225.32 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the  
225.33 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after  
225.34 July 1, 1992.

226.1 Sec. 7. Minnesota Statutes 2016, section 469.101, subdivision 1, is amended to read:

226.2 Subdivision 1. **Establishment.** An economic development authority may create and  
226.3 define the boundaries of economic development districts at any place or places within the  
226.4 city, except that the district boundaries must be contiguous, and may use the powers granted  
226.5 in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a  
226.6 public hearing on the matter. At least ten days before the hearing, the authority shall publish  
226.7 notice of the hearing in a ~~daily~~ newspaper of general circulation in the city. Also, the authority  
226.8 shall find that an economic development district is proper and desirable to establish and  
226.9 develop within the city.

226.10 Sec. 8. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to  
226.11 read:

226.12 Subd. 1u. **Obligations.** In addition to other authority in this section, the council may  
226.13 issue certificates of indebtedness, bonds, or other obligations under this section in an amount  
226.14 not exceeding \$126,000,000 for capital expenditures as prescribed in the council's transit  
226.15 capital improvement program and for related costs, including the costs of issuance and sale  
226.16 of the obligations. Of this authorization, after July 1, 2017, the council may issue certificates  
226.17 of indebtedness, bonds, or other obligations in an amount not exceeding \$82,100,000, and  
226.18 after July 1, 2018, the council may issue certificates of indebtedness, bonds, or other  
226.19 obligations in an additional amount not exceeding \$43,900,000.

226.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
226.21 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

226.22 Sec. 9. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to  
226.23 read:

226.24 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any  
226.25 proceeds from certificates of indebtedness, bonds, or other obligations under this section  
226.26 for project development, land acquisition, or construction to (1) establish a light rail transit  
226.27 line; or (2) expand a light rail transit line, including by extending a line or adding additional  
226.28 stops.

226.29 **EFFECTIVE DATE.** This section applies to the expenditures made after the day  
226.30 following final enactment, but does not apply to amounts expended under binding contracts  
226.31 entered into before March 25, 2017. This section applies in the counties of Anoka, Carver,  
226.32 Dakota, Hennepin, Ramsey, Scott, and Washington.

227.1 Sec. 10. Minnesota Statutes 2016, section 475.58, subdivision 3b, is amended to read:

227.2 **Subd. 3b. Street reconstruction and bituminous overlays.** (a) A municipality may,  
227.3 without regard to the election requirement under subdivision 1, issue and sell obligations  
227.4 for street reconstruction or bituminous overlays, if the following conditions are met:

227.5 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan  
227.6 that describes the street reconstruction or overlay to be financed, the estimated costs, and  
227.7 any planned reconstruction or overlay of other streets in the municipality over the next five  
227.8 years, and the plan and issuance of the obligations has been approved by a vote of ~~all a~~  
227.9 two-thirds majority of the members of the governing body present at the meeting following  
227.10 a public hearing for which notice has been published in the official newspaper at least ten  
227.11 days but not more than 28 days prior to the hearing; and

227.12 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent  
227.13 of the votes cast in the last municipal general election and is filed with the municipal clerk  
227.14 within 30 days of the public hearing, the municipality may issue the bonds only after  
227.15 obtaining the approval of a majority of the voters voting on the question of the issuance of  
227.16 the obligations. If the municipality elects not to submit the question to the voters, the  
227.17 municipality shall not propose the issuance of bonds under this section for the same purpose  
227.18 and in the same amount for a period of 365 days from the date of receipt of the petition. If  
227.19 the question of issuing the bonds is submitted and not approved by the voters, the provisions  
227.20 of section 475.58, subdivision 1a, shall apply.

227.21 (b) Obligations issued under this subdivision are subject to the debt limit of the  
227.22 municipality and are not excluded from net debt under section 475.51, subdivision 4.

227.23 (c) For purposes of this subdivision, street reconstruction and bituminous overlays  
227.24 includes utility replacement and relocation and other activities incidental to the street  
227.25 reconstruction, turn lanes and other improvements having a substantial public safety function,  
227.26 realignments, other modifications to intersect with state and county roads, and the local  
227.27 share of state and county road projects. For purposes of this subdivision, "street  
227.28 reconstruction" includes expenditures for street reconstruction that have been incurred by  
227.29 a municipality before approval of a street reconstruction plan, if such expenditures are  
227.30 included in a street reconstruction plan approved on or before the date of the public hearing  
227.31 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

227.32 (d) Except in the case of turn lanes, safety improvements, realignments, intersection  
227.33 modifications, and the local share of state and county road projects, street reconstruction

228.1 and bituminous overlays does not include the portion of project cost allocable to widening  
228.2 a street or adding curbs and gutters where none previously existed.

228.3 Sec. 11. Minnesota Statutes 2016, section 475.60, subdivision 2, is amended to read:

228.4 **Subd. 2. Requirements waived.** The requirements as to public sale shall not apply:

228.5 (1) to obligations issued under the provisions of a home rule charter or of a law  
228.6 specifically authorizing a different method of sale, or authorizing them to be issued in such  
228.7 manner or on such terms and conditions as the governing body may determine;

228.8 (2) to obligations sold by an issuer in an amount not exceeding the total sum of  
228.9 \$1,200,000 in any 12-month period;

228.10 (3) to obligations issued by a governing body other than a school board in anticipation  
228.11 of the collection of taxes or other revenues appropriated for expenditure in a single year, if  
228.12 sold in accordance with the most favorable of two or more proposals solicited privately;

228.13 (4) to obligations sold to any board, department, or agency of the United States of  
228.14 America or of the state of Minnesota, in accordance with rules or regulations promulgated  
228.15 by such board, department, or agency;

228.16 (5) to obligations issued to fund pension and retirement fund liabilities under section  
228.17 475.52, subdivision 6, obligations issued with tender options under section 475.54,  
228.18 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision  
228.19 13, and any issue of obligations comprised in whole or in part of obligations bearing interest  
228.20 at a rate or rates which vary periodically referred to in section 475.56;

228.21 (6) to obligations to be issued for a purpose, in a manner, and upon terms and conditions  
228.22 authorized by law, if the governing body of the municipality, on the advice of bond counsel  
228.23 or special tax counsel, determines that interest on the obligations cannot be represented to  
228.24 be excluded from gross income for purposes of federal income taxation;

228.25 (7) to obligations issued in the form of an installment purchase contract, lease purchase  
228.26 agreement, or other similar agreement;

228.27 (8) to obligations sold under a bond reinvestment program; and

228.28 (9) if the municipality has retained an independent ~~financial advisor~~ municipal adviser,  
228.29 obligations which the governing body determines shall be sold by private negotiation.

229.1

**ARTICLE 8**

229.2

**TAX ADMINISTRATION**229.3 **Section 1. [270C.075] PRIVATE LETTER RULINGS.**

229.4 Subdivision 1. Program established. By January 1, 2018, the commissioner shall, by  
229.5 administrative rule adopted under chapter 14, establish and implement a program for issuing  
229.6 private letter rulings to taxpayers to provide guidance as to how the commissioner will apply  
229.7 Minnesota tax law to a specific transaction or proposed transaction, arrangement, or other  
229.8 fact situation of the applying taxpayer. The commissioner must include in each ruling an  
229.9 explanation of the reasoning for the determination. In establishing the terms of the program,  
229.10 the commissioner may provide that rulings will not be issued in specified subject areas, for  
229.11 categories of transactions, or under specified provisions of law, if the commissioner  
229.12 determines doing so is in the best interests of the state and sound tax administration. The  
229.13 program must include a process for the representative of a taxpayer to apply for a private  
229.14 letter ruling and to communicate with the commissioner regarding the requested ruling.

229.15 Subd. 2. Application procedure; fees. (a) The commissioner shall establish an  
229.16 application procedure and forms for a taxpayer or the taxpayer's appointed representative  
229.17 to request a private letter ruling. The commissioner may require the taxpayer to provide any  
229.18 supporting factual information and certifications that the commissioner determines necessary  
229.19 or appropriate to issue a private letter ruling. The requirements may vary based on the type  
229.20 of ruling requested.

229.21 (b) The commissioner may, in the administrative rule, establish a fee schedule to recover  
229.22 the department's actual cost of preparing private letter rulings. The maximum fee per private  
229.23 letter ruling is \$1,000. The commissioner may require the applicant to pay the required fee  
229.24 for a private letter ruling before the application is considered. If the administrative rule  
229.25 provides for payment of a fee as a condition for providing a private letter ruling, the rule  
229.26 must provide a fee structure that varies the amount of the fee by the complexity of the request  
229.27 or the number and type of issues or both.

229.28 (c) If the commissioner fails to issue a ruling to the taxpayer within 90 days after the  
229.29 taxpayer's filing of a completed application, the commissioner must refund the application  
229.30 fee to the taxpayer; however, the commissioner must issue a private letter ruling unless the  
229.31 taxpayer withdraws the request.

229.32 (d) Any fees collected under this section must be deposited in the Revenue Department  
229.33 service and recovery special revenue fund established under section 270C.15, and are

230.1 appropriated to the commissioner to offset the cost of issuing private letter rulings and  
230.2 related administrative costs.

230.3 Subd. 3. **Effect.** (a) A private letter ruling is binding on the commissioner with respect  
230.4 to the taxpayer to whom the ruling is issued if:

230.5 (1) there was no misstatement or omission of material facts in the application or other  
230.6 information provided to the commissioner;

230.7 (2) the facts that subsequently developed were not materially different from the facts  
230.8 upon which the ruling was based;

230.9 (3) the applicable statute, administrative rule, federal law referenced by state law, or  
230.10 other relevant law has not changed; and

230.11 (4) the taxpayer acted in good faith in applying for and relying on the ruling.

230.12 (b) Private letter rulings have no precedential effect and may not be relied upon by a  
230.13 taxpayer other than as provided in paragraph (a).

230.14 Subd. 4. **Public access.** The commissioner shall make private letter rulings issued under  
230.15 this section available to the public on the department's Web site. The commissioner must  
230.16 organize the private letter rulings by tax type and must make them available in a searchable  
230.17 format. The published rulings must redact any information that would permit identification  
230.18 of the requesting taxpayer.

230.19 Subd. 5. **Legislative report.** (a) By January 31 of each odd-numbered year, the  
230.20 commissioner shall report in writing to the legislature the following information for the  
230.21 immediately preceding two calendar years:

230.22 (1) the number of applications for private letter rulings;

230.23 (2) the number of private letter rulings issued, including the number issued within the  
230.24 90-day time period under subdivision 2, paragraph (c);

230.25 (3) the amount of application fees refunded by tax type;

230.26 (4) the tax types for which rulings were requested;

230.27 (5) the types and characteristics of taxpayers applying for rulings; and

230.28 (6) any other information that the commissioner considers relevant to legislative oversight  
230.29 of the private letter ruling program.

231.1        (b) The report must be filed as provided in section 3.195, and copies must be provided  
231.2        to the chairs and ranking minority members of the committees of the house of representatives  
231.3        and the senate with jurisdiction over taxes and appropriations to the Department of Revenue.

231.4        **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
231.5        that the first legislative report under subdivision 5 is due January 31, 2020.

231.6        Sec. 2. Minnesota Statutes 2016, section 270C.31, is amended by adding a subdivision to  
231.7        read:

231.8        **Subd. 8. Authority to request dual examination.** (a) A qualified taxpayer that is subject  
231.9        to an on-site examination or audit under this section of the amount of tax due under chapter  
231.10       290 or 297A may request in writing that the commissioner conduct the examination or audit  
231.11       of the taxpayer's tax due under both chapters at the same time. The request must be made  
231.12       within 30 days of the receipt of the commissioner's notice of intent to conduct the on-site  
231.13       audit or examination in the form prescribed by the commissioner. If a qualified taxpayer  
231.14       files a timely written request under this subdivision and the commissioner elects to audit or  
231.15       examine the tax due under only one of the two chapters, the commissioner may not audit  
231.16       or examine the tax due under the other chapter for each taxable year or period that includes  
231.17       the taxable year or the period covered by the audit or examination that was conducted.

231.18       (b) For purposes of this subdivision, "qualified taxpayer" means a taxpayer that meets  
231.19       each of the following requirements:

231.20       (1) the taxpayer has been issued a permit to collect tax under section 297A.84;  
231.21       (2) the gross receipts of the taxpayer, as reported on the return filed under chapter 290  
231.22       for the most recent taxable year, is no more than \$150,000. In applying this clause to a  
231.23       taxpayer that is a member of a unitary business, as defined in section 290.17, gross receipts  
231.24       include the gross receipts of all members of the unitary business; and  
231.25       (3) the commissioner audited or examined the taxpayer's return filed under chapter 290  
231.26       or 297A or both for a period that ended no more than five years prior to the taxable year or  
231.27       the period for which the qualified taxpayer made the request under this subdivision, and the  
231.28       commissioner determined that no more than the greater of (1) \$1,000 or (2) five percent of  
231.29       the liability for tax in additional tax was owed by the taxpayer as a result of the audit or  
231.30       examination.

231.31        **EFFECTIVE DATE.** This section is effective for examinations and audits commenced  
231.32        after June 30, 2017.

232.1 Sec. 3. Minnesota Statutes 2016, section 270C.33, is amended by adding a subdivision to  
232.2 read:

232.3 Subd. 4a. **Limitations; sales taxes.** (a) The provisions of this subdivision are a limitation  
232.4 on the assessment authority of the commissioner under this section.

232.5 (b) The commissioner must not assess additional tax under chapter 297A if each of the  
232.6 following requirements are met:

232.7 (1) the tax reported by the taxpayer is consistent with and based on past reporting or  
232.8 other practices of the taxpayer that were fully disclosed to the commissioner and were  
232.9 specifically reviewed by the commissioner, including by issuing an audit assessing no  
232.10 additional tax liability with respect to that item for a prior taxable period; and

232.11 (2) effective for a taxable period beginning after the period covered by clause (1), neither  
232.12 the statute or administrative rule on which the reporting or other practice is based has been  
232.13 materially changed, nor has the commissioner issued a revenue notice or directly notified  
232.14 the taxpayer in writing of a change in the commissioner's position as to the proper reporting  
232.15 or other treatment of the relevant transaction or other item.

232.16 (c) For an audit of a prior taxable period by the commissioner, paragraph (b), clause (1),  
232.17 applies only to issues within the scope of and specifically addressed by the audit.

232.18 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
232.19 2017.

232.20 Sec. 4. Minnesota Statutes 2016, section 270C.33, is amended by adding a subdivision to  
232.21 read:

232.22 Subd. 4b. **Limit on assessments; reasonable cause for failure to collect or withhold.**  
232.23 (a) An assessment issued under subdivision 4 is reduced or eliminated to the extent that the  
232.24 amount that would otherwise be assessed arose from the taxpayer's failure to collect or  
232.25 withhold a tax from another individual or entity and the taxpayer had reasonable cause for  
232.26 not collecting or withholding the tax. A taxpayer may raise this ground for prohibition of  
232.27 an assessment during an audit, upon appeal from an assessment, or by refund claim following  
232.28 payment of the assessment.

232.29 (b) For purposes of this subdivision and section 270C.35, subdivision 4:

232.30 (1) ignorance of the law is not reasonable cause;

232.31 (2) lack of clarity as to whether the law requires collection or withholding under the  
232.32 circumstances may be reasonable cause; and

233.1        (3) failure to collect or withhold in accordance with prior written advice from the  
233.2        commissioner on the specific question of the requirement to collect or withhold under the  
233.3        same or similar circumstances that has not been superseded or preempted by a change in  
233.4        statute or administrative rule or a subsequent written notice from the commissioner to the  
233.5        taxpayer prior to commencement of the period for which the failure to collect or withhold  
233.6        occurred is reasonable cause.

233.7        **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
233.8        2017.

233.9        Sec. 5. Minnesota Statutes 2016, section 270C.34, subdivision 1, is amended to read:

233.10        **Subdivision 1. Authority.** (a) The commissioner may abate, reduce, or refund any penalty  
233.11        or interest that is imposed by a law administered by the commissioner, or imposed by section  
233.12        270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late payment of  
233.13        tax or late filing of a return, or any part of an additional tax charge under section 289A.25,  
233.14        subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure to  
233.15        timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially  
233.16        declared disaster or in a presidentially declared state of emergency area or in an area declared  
233.17        to be in a state of emergency by the governor under section 12.31.

233.18        (b) The commissioner shall abate any part of a penalty or additional tax charge under  
233.19        section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice  
233.20        given to the taxpayer in writing by an employee of the department acting in an official  
233.21        capacity, if the advice:

233.22        (1) was reasonably relied on and was in response to a specific written request of the  
233.23        taxpayer; and

233.24        (2) was not the result of failure by the taxpayer to provide adequate or accurate  
233.25        information.

233.26        (c) In addition to the authority under paragraphs (a) and (b), the commissioner may  
233.27        decline to impose or may abate any penalty under section 289A.60 or other law, or an  
233.28        additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4.

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

234.1 Sec. 6. Minnesota Statutes 2016, section 270C.35, subdivision 4, is amended to read:

234.2 **Subd. 4. Time and content for administrative appeal.** Within 60 days after the notice  
234.3 date, the taxpayer must file a written appeal with the commissioner. The appeal need not  
234.4 be in any particular form but must contain the following information:

234.5 (1) name and address of the taxpayer;

234.6 (2) if a corporation, the state of incorporation of the taxpayer, and the principal place of  
234.7 business of the corporation;

234.8 (3) the Minnesota identification number or Social Security number of the taxpayer;

234.9 (4) the type of tax involved;

234.10 (5) the date;

234.11 (6) the tax years or periods involved and the amount of tax involved for each year or  
234.12 period;

234.13 (7) the findings in the notice that the taxpayer disputes;

234.14 (8) for a request to reduce or eliminate an assessment under section 270C.33, subdivision

234.15 4b, a statement of the taxpayer's grounds, along with a brief statement of the supporting  
234.16 facts, for the assertion of reasonable cause for the failure to collect or withhold tax from  
234.17 another individual or entity;

234.18 (9) a summary statement that the taxpayer relies on for each exception; and

234.19 (9) (10) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

234.20 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
234.21 2017.

234.22 Sec. 7. Minnesota Statutes 2016, section 271.06, subdivision 2a, is amended to read:

234.23 **Subd. 2a. Timely mailing treated as timely filing.** (a) If, after the period prescribed by  
234.24 subdivision 2, the original notice of appeal, proof of service upon the commissioner, and  
234.25 filing fee are delivered by United States mail to the Tax Court administrator or the court  
234.26 administrator of district court acting as court administrator of the Tax Court, then the date  
234.27 of filing is the date of the United States postmark stamped on the envelope or other  
234.28 appropriate wrapper in which the notice of appeal, proof of service upon the commissioner,  
234.29 and filing fee are mailed.

234.30 (b) This subdivision applies only if the postmark date falls within the period prescribed  
234.31 by subdivision 2 and the original notice of appeal, proof of service upon the commissioner,

235.1 and filing fee are, within the time prescribed by subdivision 2, deposited in the mail in the  
235.2 United States in an envelope or other appropriate wrapper, postage prepaid, properly  
235.3 addressed to the Tax Court administrator or the court administrator of district court acting  
235.4 as court administrator of the Tax Court.

235.5 (c) Only the postmark of the United States Postal Service qualifies as proof of timely  
235.6 mailing under this subdivision. Private postage meters do not qualify as proof of timely  
235.7 filing under this subdivision. If the original notice of appeal, proof of service upon the  
235.8 commissioner, and filing fee are sent by United States registered mail, the date of registration  
235.9 is the postmark date. If the original notice of appeal, proof of service upon the commissioner,  
235.10 and filing fee are sent by United States certified mail and the sender's receipt is postmarked  
235.11 by the postal employee to whom the envelope containing the original notice of appeal, proof  
235.12 of service upon the commissioner, and filing fee is presented, the date of the United States  
235.13 postmark on the receipt is the postmark date. If the envelope or other wrapper in which the  
235.14 notice of appeal, proof of service upon the commissioner, and filing fee are mailed does  
235.15 not contain a postmark of the United States Postal Service but is delivered by United States  
235.16 mail to the Tax Court administrator or the court administrator of the district court acting as  
235.17 court administrator of the Tax Court, then the date of mailing qualifies as timely filed under  
235.18 this subdivision, if proof of mailing within the time prescribed by subdivision 2 is provided  
235.19 by affidavit of the petitioner or counsel.

235.20 (d) A reference in this section to the United States mail must be treated as including a  
235.21 reference to any designated delivery service and a reference in this section to a postmark  
235.22 by the United States Postal Service must be treated as including a reference to any date  
235.23 recorded or marked by any designated delivery service in accordance with section 7502(f)  
235.24 of the Internal Revenue Code.

235.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
235.26 applies to notices mailed after June 30, 2017.

235.27 Sec. 8. Minnesota Statutes 2016, section 271.06, subdivision 6, is amended to read:

235.28 Subd. 6. **Hearings; determination of issues; default.** (a) The Tax Court shall hear,  
235.29 consider, and determine without a jury every appeal de novo. A Tax Court judge may  
235.30 empanel an advisory jury upon the judge's motion. The Tax Court shall hold a public hearing  
235.31 in every case. All such parties shall have an opportunity to offer evidence and arguments  
235.32 at the hearing; provided, that the order of the commissioner or the appropriate unit of  
235.33 government in every case shall be *prima facie* valid. When an appeal to the Tax Court has  
235.34 been taken from an order or determination of the commissioner or from the appropriate unit

236.1 of government, the proceeding shall be an original proceeding in the nature of a suit to set  
236.2 aside or modify the order or determination. In case no appellant shall appear the Tax Court  
236.3 shall enter its order affirming the order of the commissioner of revenue or the appropriate  
236.4 unit of government from which the appeal was taken. If the Department of Revenue's sales  
236.5 ratio study is introduced in Tax Court as evidence, the sales ratio data from the study shall  
236.6 be admissible as evidence only as provided in section 278.05, subdivision 4.

236.7 (b) The commissioner, the taxpayer, and any other party to an appeal to the Tax Court  
236.8 may file all necessary notices, documents, and other necessary information with the Tax  
236.9 Court in a manner approved by the Tax Court.

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

236.11 Sec. 9. Minnesota Statutes 2016, section 271.08, subdivision 1, is amended to read:

236.12 Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division, shall  
236.13 determine every appeal by written order containing findings of fact and the decision of the  
236.14 Tax Court. A memorandum of the grounds of the decision shall be appended. Notice of the  
236.15 entry of the order and of the substance of the decision shall be mailed to all parties. A motion  
236.16 for rehearing, which includes a motion for amended findings of fact, conclusions of law,  
236.17 or a new trial, must be served by the moving party within ~~±5~~ 30 days after mailing of the  
236.18 notice by the court as specified in this subdivision, and the motion must be heard within 30  
236.19 days thereafter, unless the time for hearing is extended by the court within the 30-day period  
236.20 for good cause shown.

236.21 **EFFECTIVE DATE.** This section is effective for petitions and appeals filed after June  
236.22 30, 2017.

236.23 Sec. 10. Minnesota Statutes 2016, section 271.18, is amended to read:

236.24 **271.18 EX-JUDGES NOT TO REPRESENT CLIENTS; EXCEPTION;**  
236.25 **VIOLATION.**

236.26 No judge ~~or employee~~ of the Tax Court, except referees appointed for the Small Claims  
236.27 Division, shall, within one year after the office or employment has terminated, act as counsel,  
236.28 attorney, or agent ~~for a taxpayer~~ in connection with any claim or proceeding pending ~~in the~~  
236.29 ~~department of revenue or~~ in the Tax Court at the time of termination. No judge, referee, or  
236.30 employee shall, at any time after the termination of the office or employment, act as counsel,  
236.31 attorney, or agent in connection with any claim or proceeding of which the person terminated

237.1 has knowledge which was acquired in the course of a term of office or employment in the  
237.2 Tax Court. Any violation of the provisions of this section shall be a gross misdemeanor.

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

237.4 Sec. 11. Minnesota Statutes 2016, section 289A.40, subdivision 1, is amended to read:

237.5 **Subdivision 1. Time limit; generally.** (a) Unless otherwise provided in this chapter, a  
237.6 claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the  
237.7 date prescribed for filing the return, plus any extension of time granted for filing the return,  
237.8 but only if filed within the extended time, or ~~one year from the date of an order assessing~~  
237.9 ~~tax under section 270C.33 or an order determining an appeal under section 270C.35,~~  
237.10 ~~subdivision 8, or one year from the date of a return made by the commissioner under section~~  
237.11 ~~270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on~~  
237.12 ~~the order or return made by the commissioner two years from the time the tax was paid,~~  
237.13 whichever period expires later. ~~Claims for refund, except for taxes under chapter 297A,~~  
237.14 ~~filed after the 3-1/2 year period but within the one year period are limited to the amount of~~  
237.15 ~~the tax, penalties, and interest on the order or return made by the commissioner and to issues~~  
237.16 ~~determined by the order or return made by the commissioner.~~

237.17 ~~In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund~~  
237.18 ~~under chapter 297A filed after the 3-1/2 year period but within the one year period are~~  
237.19 ~~limited to the amount of the tax, penalties, and interest on the order or return made by the~~  
237.20 ~~commissioner that are due for the period before the 3-1/2 year period.~~

237.21 (b) For refunds due on a report required to be filed under section 289A.38, subdivision  
237.22 7, the period under paragraph (a) is extended to the due date for the report required by  
237.23 section 289A.38, subdivision 7.

237.24 **EFFECTIVE DATE.** This section is effective for claims for refund filed after the day  
237.25 following final enactment.

237.26 Sec. 12. Minnesota Statutes 2016, section 289A.60, subdivision 1, is amended to read:

237.27 **Subdivision 1. Penalty for failure to pay tax.** (a) If a corporate franchise, fiduciary  
237.28 income, mining company, estate, partnership, S corporation, or nonresident entertainer tax  
237.29 is not paid within the time specified for payment, a penalty of six percent is added to the  
237.30 unpaid tax, except that if a corporation or mining company meets the requirements of section  
237.31 289A.19, subdivision 2, the penalty is not imposed.

238.1       (b) For the taxes listed in paragraph (a), in addition to the penalty in that paragraph,  
238.2 whether imposed or not, if a return or amended return is filed after the due date, without  
238.3 regard to extensions, and any tax reported as remaining due is not remitted with the return  
238.4 or amended return, a penalty of five percent of the tax not paid is added to the tax. If the  
238.5 commissioner issues an order assessing additional tax for a tax listed in paragraph (a), and  
238.6 the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60  
238.7 days after final resolution of the appeal, a penalty of five percent of the unpaid tax is added  
238.8 to the tax.

238.9       (c) If an individual income tax is not paid within the time specified for payment, a penalty  
238.10 of four percent is added to the unpaid tax. There is a presumption of reasonable cause for  
238.11 the late payment if the individual: (i) pays by the due date of the return at least 90 percent  
238.12 of the amount of tax, after credits other than withholding and estimated payments, shown  
238.13 owing on the return; (ii) files the return within six months after the due date; and (iii) pays  
238.14 the remaining balance of the reported tax when the return is filed.

238.15       (d) If the commissioner issues an order assessing additional individual income tax, and  
238.16 the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60  
238.17 days after final resolution of the appeal, a penalty of four percent of the unpaid tax is added  
238.18 to the tax.

238.19       (e) If a withholding or sales or use tax is not paid within the time specified for payment,  
238.20 a penalty must be added to the amount required to be shown as tax. The penalty is five  
238.21 percent of the tax not paid on or before the date specified for payment of the tax if the failure  
238.22 is for not more than 30 days, with an additional penalty of five percent of the amount of tax  
238.23 remaining unpaid during each additional 30 days or fraction of 30 days during which the  
238.24 failure continues, not exceeding 15 percent in the aggregate.

238.25       (f) No penalty applies under this section if:

238.26        (1) the total calculated penalty that would otherwise apply under paragraphs (a) to (e)  
238.27 is less than \$150; or

238.28        (2) for an underpayment of individual income tax under chapter 290 or sales tax under  
238.29 chapter 297A, the liability for tax on which the penalty is calculated is less than \$1,000 and  
238.30 the taxpayer timely filed any returns required to be filed during the prior three calendar  
238.31 years and was not subject to a penalty under this section, determined without regard to the  
238.32 provisions of this paragraph, for any taxes on returns due during that three-year period.

238.33       **EFFECTIVE DATE.** This section is effective for penalties imposed after January 1,  
238.34 2019.

239.1

**ARTICLE 9**

239.2

**MISCELLANEOUS**239.3 **Section 1. [16A.1246] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

239.4     (a) Except as provided in paragraph (b), no appropriation or other state money, whether  
239.5     in the general or another fund, must be expended or used for any costs related to studying  
239.6     the feasibility of, planning for, designing, engineering, acquiring property or constructing  
239.7     facilities for or related to, or development or operation of intercity or interregional passenger  
239.8     rail facilities or operations between the city of Rochester or locations in its metropolitan  
239.9     area and any location in the metropolitan area, as defined in section 473.121, subdivision  
239.10    2.

239.11    (b) The restrictions under this section do not apply to:

239.12      (1) funds obtained from contributions, grants, or other voluntary payments made by  
239.13     nongovernmental entities from private sources; or

239.14      (2) amounts specifically appropriated for a project or costs subject to paragraph (a), but  
239.15     only after enactment of a law that explicitly adds the project for which the expenditures are  
239.16     made to the statewide freight and passenger rail plan under section 174.03, subdivision 1b.

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

239.18 **Sec. 2. [16B.2965] PROPERTY LEASED FOR RAIL PROJECTS.**

239.19    (a) If a state official leases, loans, or otherwise makes available state lands, air rights,  
239.20     or any other state property for use in connection with passenger rail facilities, as described  
239.21     in section 16A.1246, the lease or other agreement must include or be secured by a security  
239.22     bond or equivalent guarantee that allows the state to recover any costs it incurs in connection  
239.23     with the rail project from a responsible third party or secure source of capital, if the passenger  
239.24     rail facilities are not constructed, do not go into operation, or are abandoned, whether or  
239.25     not the facilities began operations. The security bond or equivalent guarantee must remain  
239.26     in place for the term of lease, loan, or other agreement that makes state property available  
239.27     for use by the project. These costs include restoring state property to its original condition.

239.28    (b) For purposes of this section, "state official" includes the commissioner, the  
239.29     commissioner of transportation, or any other state official with authority to enter a lease or  
239.30     other agreement providing for use by a nonstate entity of state property.

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

240.1 Sec. 3. **[117.028] CONDEMNATION FOR CERTAIN RAIL FACILITIES**

240.2 **PROHIBITED.**

240.3 Notwithstanding section 222.27 or any other law to the contrary, no condemning authority  
240.4 may take property for the development or construction of or for facilities related to intercity  
240.5 or interregional passenger rail facilities or operations between the city of Rochester or  
240.6 locations in its metropolitan area and any location in the metropolitan area, as defined in  
240.7 section 473.121, subdivision 2.

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

240.9 Sec. 4. Minnesota Statutes 2016, section 174.03, subdivision 1b, is amended to read:

240.10 **Subd. 1b. Statewide freight and passenger rail plan.** (a) The commissioner shall  
240.11 develop a comprehensive statewide freight and passenger rail plan to be included and revised  
240.12 as a part of the statewide multimodal transportation plan.

240.13 (b) Before the initial version of the plan is adopted, the commissioner shall provide a  
240.14 copy for review and comment to the chairs and ranking minority members of the senate and  
240.15 house of representatives committees with jurisdiction over transportation policy and finance.  
240.16 Notwithstanding paragraph (a), the commissioner may adopt the next revision of the statewide  
240.17 transportation plan, scheduled to be completed in calendar year 2009, prior to completion  
240.18 of the initial version of the comprehensive statewide freight and passenger rail plan. The  
240.19 statewide freight and passenger rail plan must not include prioritization, planning, or  
240.20 references, other than references for historical purposes, to intercity passenger rail between  
240.21 the city of Rochester or locations in its metropolitan area and any location in the metropolitan  
240.22 area, as defined in section 473.121, subdivision 2. Before February 1, 2018, the commissioner  
240.23 shall revise the statewide freight and passenger rail plan to meet the requirements of this  
240.24 paragraph.

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

240.26 Sec. 5. **[222.271] PASSENGER RAIL PROJECTS; ENVIRONMENTAL**

240.27 **INSURANCE REQUIRED.**

240.28 **Subdivision 1. Scope.** (a) This section applies to any person that seeks a federal or state  
240.29 permit or other formal legal authorization to construct or operate a passenger rail project  
240.30 with an estimated capital cost exceeding \$1,000,000,000.

240.31 (b) This section does not apply to a person whose only action within the scope of  
240.32 paragraph (a) is an application for a building permit.

241.1        Subd. 2. Definitions. (a) For purposes of this section, unless the context clearly indicates  
241.2        otherwise, the following definitions apply.

241.3        (b) "Commissioner" means the commissioner of the Pollution Control Agency.

241.4        (c) "Insurance" means a commercial insurance policy, a security bond, or an equivalent  
241.5        guarantee that provides assurance of the project's ability to pay claims for any liability under  
241.6        chapter 115B or similar provisions of common law or federal law resulting from construction  
241.7        or operation of the passenger rail project.

241.8        (d) "Passenger rail project" or "project" means a railroad or a line or lines of a railway  
241.9        located within or partly within Minnesota intended to provide passenger service, regardless  
241.10        of whether freight service is also provided, by a common carrier other than a federal or state  
241.11        government unit, a political subdivision of the state, or the National Railroad Passenger  
241.12        Corporation created under the Rail Passenger Service Act of 1970, Public Law 91-518.

241.13        (e) "Person" includes a corporation, limited liability company, partnership, other entity,  
241.14        or an individual.

241.15        Subd. 3. Environmental insurance required. (a) Any person subject to this section  
241.16        must obtain and maintain insurance that is adequate to cover potential claims and meets the  
241.17        other requirements of this section, as approved by the commissioner under paragraph (b).  
241.18        The insurance must not contain dollar limits on liability, or if it does contain a dollar limit  
241.19        the limit must be not less than a reasonable estimate of the potential exposure of the project  
241.20        for environmental remediation or impairment damages. Any dollar limit must be adjusted  
241.21        if the scope, size, or cost of the project increases materially. The insurance must cover any  
241.22        liability incurred during and after the construction and operation of the project and must  
241.23        not contain exclusions, limitations, or other restrictions that are not standard in comprehensive  
241.24        environmental remediation insurance or in environmental impairment insurance, as  
241.25        applicable.

241.26        (b) In order to satisfy the requirements of this section, the commissioner must determine  
241.27        that the insurance is adequate and that it meets the other requirements of this section. The  
241.28        commissioner may require that the project provide any supporting documentation to  
241.29        determine that insurance is adequate and meets the other requirements of this section and  
241.30        that the project has the financial ability to maintain insurance during the project's operations.

241.31        **EFFECTIVE DATE.** This section is effective for passenger rail projects for which  
241.32        application for a permit or other formal legal authorization to construct is made after the  
241.33        day following final enactment.

242.1 Sec. 6. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

242.2 Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by  
242.3 March 1 of each odd-numbered year on the overall incidence of the income tax, sales and  
242.4 excise taxes, and property tax. The report shall present information on the distribution of  
242.5 the tax burden as follows: (1) for the overall income distribution, using a systemwide  
242.6 incidence measure such as the Suits index or other appropriate measures of equality and  
242.7 inequality; (2) by income classes, including at a minimum deciles of the income distribution;  
242.8 and (3) by other appropriate taxpayer characteristics. The report must also include information  
242.9 on the distribution of the burden of federal taxes borne by Minnesota residents.

242.10 Sec. 7. Minnesota Statutes 2016, section 287.08, is amended to read:

242.11 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

242.12 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any  
242.13 county in this state in which the real property or some part is located at or before the time  
242.14 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and  
242.15 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes  
242.16 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall  
242.17 be "registration tax hereon of ..... dollars paid." If the mortgage is exempt from  
242.18 taxation the endorsement shall, in substance, be "exempt from registration tax." In either  
242.19 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine  
242.20 whether a claim of exemption should be allowed, the tax must be paid as in the case of a  
242.21 taxable mortgage. For documents submitted electronically, the endorsements and tax amount  
242.22 shall be affixed electronically and no signature by the treasurer will be required. The actual  
242.23 payment method must be arranged in advance between the submitter and the receiving  
242.24 county.

242.25 (b) The county treasurer may refund in whole or in part any mortgage registry tax  
242.26 overpayment if a written application by the taxpayer is submitted to the county treasurer  
242.27 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial  
242.28 of the application, the taxpayer may bring an action in Tax Court in the county in which  
242.29 the tax was paid at any time after the expiration of six months from the time that the  
242.30 application was submitted. A denial of refund may be appealed within 60 days from the  
242.31 date of the denial by bringing an action in Tax Court in the county in which the tax was  
242.32 paid. The action is commenced by the serving of a petition for relief on the county treasurer,  
242.33 and by filing a copy with the court. The county attorney shall defend the action. The county

243.1 treasurer shall notify the treasurer of each county that has or would receive a portion of the  
243.2 tax as paid.

243.3 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered  
243.4 by the court, the county treasurer of each county that actually received a portion of the tax  
243.5 shall immediately pay a proportionate share of three percent of the refund using any available  
243.6 county funds. The county treasurer of each county that received, or would have received,  
243.7 a portion of the tax shall also pay their county's proportionate share of the remaining 97  
243.8 percent of the court-ordered refund on or before the 20th day of the following month using  
243.9 solely the mortgage registry tax funds that would be paid to the commissioner of revenue  
243.10 on that date under section 287.12. If the funds on hand under this procedure are insufficient  
243.11 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in  
243.12 which the action was brought shall file a claim with the commissioner of revenue under  
243.13 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the  
243.14 remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

243.15 (d) When any mortgage covers real property located in more than one county in this  
243.16 state the total tax must be paid to the treasurer of the county where the mortgage is first  
243.17 presented for recording, and the payment must be receipted as provided in paragraph (a).  
243.18 If the principal debt or obligation secured by such a multiple county mortgage exceeds  
243.19 \$10,000,000, the nonstate portion of the tax must be ~~divided and paid over by the county~~  
243.20 ~~treasurer receiving it, on or before the 20th day of each month after receipt, to the county~~  
243.21 ~~or counties entitled remitted by the county treasurer receiving the tax to the commissioner~~  
243.22 ~~of revenue with the state tax due under section 287.12. The commissioner shall determine~~  
243.23 ~~the nonstate portion of the tax owed to each county in the ratio that the estimated market~~  
243.24 ~~value of the real property covered by the mortgage in each county bears to the estimated~~  
243.25 ~~market value of all the real property in this state described in the mortgage. The commissioner~~  
243.26 ~~shall pay each county within 60 days of receiving the tax from the county that collected the~~  
243.27 ~~tax. In making the division and payment the county treasurer commissioner of revenue shall~~  
243.28 ~~send a statement giving the description of the real property described in the mortgage and~~  
243.29 ~~the estimated market value of the part located in each county. For this purpose, the treasurer~~  
243.30 ~~of any county commissioner of revenue may require the treasurer of any other county to~~  
243.31 ~~certify to the former the estimated market value of any tract of real property in any mortgage~~  
243.32 ~~in the county.~~

243.33 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee  
243.34 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee  
243.35 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee

244.1 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax  
244.2 collected for that purpose and the mortgagor is relieved of any further obligation to pay the  
244.3 tax as to the amount collected by the mortgagee for this purpose.

244.4 **EFFECTIVE DATE.** This section is effective for tax collected after June 30, 2017.

244.5 Sec. 8. Minnesota Statutes 2016, section 296A.01, subdivision 7, is amended to read:

244.6 Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is ~~capable of~~  
244.7 ~~use for the purpose of producing or generating~~ ~~used to produce or generate~~ power for  
244.8 propelling internal combustion engine aircraft, ~~that meets the specifications in ASTM~~  
244.9 ~~specification D910-11, and that either,~~

244.10 Aviation gasoline includes any gasoline:

244.11 (1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor  
244.12 or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation  
244.13 gasoline" ~~that meets specifications in ASTM specification D910-16 or any other ASTM~~  
244.14 ~~specification as gasoline appropriate for use in producing or generating power for propelling~~  
244.15 ~~internal combustion engine aircraft; or~~

244.16 (2) ~~whether or not invoiced and billed as provided in clause (1), is received, sold, stored,~~  
244.17 ~~or withdrawn from storage by any person, to be used for the purpose of producing or~~  
244.18 ~~generating power for propelling internal combustion engine aircraft sold to a dealer of~~  
244.19 ~~aviation gasoline for dispensing directly into the fuel tank of an aircraft.~~

244.20 **EFFECTIVE DATE.** This section is effective the day following final enactment except  
244.21 that the change to clause (2) is effective for sales and purchases made after June 30, 2017.

244.22 Sec. 9. Minnesota Statutes 2016, section 296A.01, subdivision 12, is amended to read:

244.23 Subd. 12. **Compressed natural gas or CNG.** "Compressed natural gas" or "CNG"  
244.24 means natural gas, primarily methane, condensed under high pressure and stored in specially  
244.25 designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes  
244.26 of this chapter, the energy content of CNG is considered to be ~~1,000~~ 900 BTUs per cubic  
244.27 foot.

244.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
244.29 30, 2017.

245.1 Sec. 10. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision  
245.2 to read:

245.3 Subd. 13a. **Dealer of aviation gasoline.** "Dealer of aviation gasoline" means any person  
245.4 who sells gasoline on the premises of an airport as defined under section 360.013, subdivision  
245.5 39, to be dispensed directly into the fuel tank of an aircraft.

245.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
245.7 30, 2017.

245.8 Sec. 11. Minnesota Statutes 2016, section 296A.07, subdivision 4, is amended to read:

245.9 Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or  
245.10 denatured ethanol purchased by:

245.11 (1) a transit system or transit provider receiving financial assistance or reimbursement  
245.12 under section 174.24, 256B.0625, subdivision 17, or 473.384;

245.13 (2) providers of transportation to recipients of medical assistance home and  
245.14 community-based services waivers enrolled in day programs, including adult day care,  
245.15 family adult day care, day treatment and habilitation, prevocational services, and structured  
245.16 day services;

245.17 (3) an ambulance service licensed under chapter 144E;

245.18 (4) providers of medical or dental services by a federally qualified health center, as  
245.19 defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus  
245.20 Budget Reconciliation Act of 1990, with a motor vehicle used exclusively as a mobile  
245.21 medical unit; or

245.22 (5) a licensed distributor to be delivered to a terminal for use in blending; or

245.23 (6) a dealer of aviation gasoline, but only to the extent that the gasoline is intended to  
245.24 be dispensed directly into the fuel tank of an aircraft.

245.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
245.26 30, 2017.

245.27 Sec. 12. Minnesota Statutes 2016, section 296A.08, subdivision 2, is amended to read:

245.28 Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

245.29 (a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

245.30 (b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

246.1 (c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$1.974 per thousand cubic feet;  
246.2 or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent,"  
246.3 as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural  
246.4 gas or 126.67 cubic feet.

246.5 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified  
246.6 in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed  
246.7 by the commissioner.

246.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
246.9 30, 2017.

246.10 Sec. 13. Minnesota Statutes 2016, section 296A.15, subdivision 1, is amended to read:

246.11 **Subdivision 1. Monthly gasoline report; shrinkage allowance.** (a) Except as provided  
246.12 in paragraph (e), on or before the 23rd day of each month, every person who is required to  
246.13 pay a gasoline tax shall file with the commissioner a report, in the form and manner  
246.14 prescribed by the commissioner, showing the number of gallons of petroleum products  
246.15 received by the reporter during the preceding calendar month, and other information the  
246.16 commissioner may require. A written report is deemed to have been filed as required in this  
246.17 subdivision if postmarked on or before the 23rd day of the month in which the tax is payable.

246.18 (b) The number of gallons of gasoline must be reported in United States standard liquid  
246.19 gallons, 231 cubic inches, except that the commissioner may upon written application and  
246.20 for cause shown permit the distributor to report the number of gallons of gasoline as corrected  
246.21 to a temperature of 60-degrees Fahrenheit. If the application is granted, all gasoline covered  
246.22 in the application and allowed by the commissioner must continue to be reported by the  
246.23 distributor on the adjusted basis for a period of one year from the date of the granting of  
246.24 the application. The number of gallons of petroleum products other than gasoline must be  
246.25 reported as originally invoiced. Each report must show separately the number of gallons of  
246.26 aviation gasoline received by the reporter during each calendar month and the number of  
246.27 gallons of gasoline sold to a dealer of aviation gasoline during each calendar month.

246.28 (c) Each report must also include the amount of gasoline tax on gasoline received by  
246.29 the reporter during the preceding month. In computing the tax a deduction of 2.5 percent  
246.30 of the quantity of gasoline received by a distributor shall be made for evaporation and loss.  
246.31 At the time of reporting, the reporter shall submit satisfactory evidence that one-third of the  
246.32 2.5 percent deduction has been credited or paid to dealers on quantities sold to them.

247.1 (d) Each report shall contain a confession of judgment for the amount of the tax shown  
247.2 due to the extent not timely paid.

247.3 (e) Under certain circumstances and with the approval of the commissioner, taxpayers  
247.4 may be allowed to file reports annually.

247.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
247.6 30, 2017.

247.7 Sec. 14. Minnesota Statutes 2016, section 296A.15, subdivision 4, is amended to read:

247.8 **Subd. 4. Failure to use or sell for intended purpose; report required.** (a) Any person  
247.9 who buys aviation gasoline, including from a dealer of aviation gasoline, or special fuel for  
247.10 aircraft use, and who has paid the excise taxes due directly or indirectly through the amount  
247.11 of the tax being included in the price, or otherwise, and uses said gasoline or special fuel  
247.12 in motor vehicles or knowingly sells it to any person for use in motor vehicles shall, on or  
247.13 before the 23rd day of the month following that in which such gasoline or special fuel was  
247.14 so used or sold, report the fact of the use or sale to the commissioner in the form and manner  
247.15 prescribed by the commissioner.

247.16 (b) Any person who buys gasoline ~~other than aviation gasoline~~ and who has paid the  
247.17 motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being  
247.18 included in the price of the gasoline, or otherwise, who knowingly sells such gasoline to  
247.19 any person to be used for the purpose of producing or generating power for propelling  
247.20 aircraft, or who receives, stores, or withdraws from storage gasoline to be used for that  
247.21 purpose, shall, on or before the 23rd day of the month following that in which such gasoline  
247.22 was so sold, stored, or withdrawn from storage, report the fact of the sale, storage, or  
247.23 withdrawal from storage to the commissioner in the form and manner prescribed by the  
247.24 commissioner.

247.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
247.26 30, 2017.

247.27 Sec. 15. Minnesota Statutes 2016, section 296A.17, subdivision 3, is amended to read:

247.28 **Subd. 3. Refund on graduated basis.** Any person who has directly or indirectly paid  
247.29 the excise tax on aviation gasoline or special fuel for aircraft use provided for by this chapter  
247.30 and has either paid the airflight property tax under section 270.072 or is an aerial applicator  
247.31 with a category B, general aerial license, under section 18B.33, shall, as to all such aviation  
247.32 gasoline and special fuel received, stored, or withdrawn from storage by the person in this

248.1 state in any calendar year and not sold or otherwise disposed of to others, or intended for  
248.2 sale or other disposition to others, on which such tax has been so paid, be entitled to the  
248.3 following graduated reductions in such tax for that calendar year, to be obtained by means  
248.4 of the following refunds:

248.5 (1) on each gallon of ~~such~~ aviation gasoline or special fuel up to 50,000 gallons, all but  
248.6 five cents per gallon;

248.7 (2) on each gallon of ~~such~~ aviation gasoline or special fuel above 50,000 gallons and  
248.8 not more than 150,000 gallons, all but two cents per gallon;

248.9 (3) on each gallon of ~~such~~ aviation gasoline or special fuel above 150,000 gallons and  
248.10 not more than 200,000 gallons, all but one cent per gallon;

248.11 (4) on each gallon of ~~such~~ aviation gasoline or special fuel above 200,000, all but one-half  
248.12 cent per gallon.

248.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
248.14 30, 2017.

248.15 Sec. 16. Minnesota Statutes 2016, section 296A.19, subdivision 1, is amended to read:

248.16 Subdivision 1. **Retention.** All distributors, dealers, special fuel dealers, bulk purchasers,  
248.17 dealers of aviation gasoline, and all users of special fuel shall keep a true and accurate record  
248.18 of all purchases, transfers, sales, and use of petroleum products and special fuel, including  
248.19 copies of all sales tickets issued, in a form and manner approved by the commissioner, and  
248.20 shall retain all such records for 3-1/2 years.

248.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
248.22 30, 2017.

248.23 Sec. 17. Minnesota Statutes 2016, section 297F.01, subdivision 13a, is amended to read:

248.24 Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is hand-constructed  
248.25 ~~and hand-rolled~~, has a wrapper that is made entirely from whole tobacco leaf, has a filler  
248.26 and binder that is made entirely of tobacco, except for adhesives or other materials used to  
248.27 maintain size, texture, or flavor, and has a wholesale price of no less than \$2.

248.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

249.1 Sec. 18. Minnesota Statutes 2016, section 297F.05, subdivision 1, is amended to read:

249.2 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this  
249.3 state, upon having cigarettes in possession in this state with intent to sell, upon any person  
249.4 engaged in business as a distributor, and upon the use or storage by consumers, at the rate  
249.5 of ~~141.5~~ 152 mills, or ~~14.15~~ 15.2 cents, on each cigarette.

249.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

249.7 Sec. 19. Minnesota Statutes 2016, section 297F.05, subdivision 3a, is amended to read:

249.8 Subd. 3a. **Rates; premium cigars.** (a) A tax is imposed upon all premium cigars in this  
249.9 state and upon any person engaged in business as a tobacco product distributor, at the lesser  
249.10 of:

249.11 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

249.12 (2) ~~\$3.50~~ \$0.50 per premium cigar.

249.13 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products  
249.14 distributor:

249.15 (1) brings, or causes to be brought, into this state from outside the state premium cigars  
249.16 for sale;

249.17 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this state;  
249.18 or

249.19 (3) ships or transports premium cigars to retailers in this state, to be sold by those retailers.

249.20 **EFFECTIVE DATE.** This section is effective July 1, 2017.

249.21 Sec. 20. Minnesota Statutes 2016, section 297F.05, subdivision 4a, is amended to read:

249.22 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by  
249.23 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

249.24 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or

249.25 (2) ~~\$3.50~~ \$0.50 per premium cigar.

249.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

250.1 Sec. 21. Minnesota Statutes 2016, section 297G.03, is amended by adding a subdivision  
250.2 to read:

250.3 Subd. 6. Small winery credit. (a) A qualified winery producing wine or cider is entitled  
250.4 to a tax credit equal to the excise tax due under subdivision 1, paragraphs (b) to (g), on the  
250.5 wine or cider sold in any fiscal year beginning July 1. A qualified winery may take the credit  
250.6 on the 18th day of each month, but the total credit allowed may not exceed, in any fiscal  
250.7 year, the lesser of:

250.8 (1) the liability for tax; or

250.9 (2) \$136,275.

250.10 (b) For purposes of this subdivision, "qualified winery" means a winery, whether or not  
250.11 located in this state, manufacturing fewer than 75,000 gallons of wine and cider annually.

250.12 (c) By February 15 of each year, beginning in 2019, the commissioner of revenue shall  
250.13 provide a report to the chairs and ranking minority members of the legislative committees  
250.14 having jurisdiction over taxes that includes the following information for the previous fiscal  
250.15 year, regarding the credit authorized under this subdivision:

250.16 (1) the total amount of the tax expenditure for the credit, including the amount of credits  
250.17 claimed by Minnesota small wineries and out-of-state small wineries; and

250.18 (2) the number of claimants for the credit, including the number of Minnesota small  
250.19 wineries and the number of out-of-state small wineries.

250.20 **EFFECTIVE DATE.** This section is effective January 1, 2018.

250.21 Sec. 22. Minnesota Statutes 2016, section 298.225, subdivision 1, is amended to read:

250.22 **Subdivision 1. Guaranteed distribution.** (a) Except as provided under paragraph (c),  
250.23 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
250.24 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

250.25 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
250.26 1983 production if the production for the year prior to the distribution year is no less than  
250.27 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount  
250.28 of the distributions shall be reduced proportionately at the rate of two percent for each  
250.29 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
250.30 tons; or

251.1 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
251.2 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
251.3 section and section 298.28, with respect to 1983 production;

251.4 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
251.5 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
251.6 with respect to 1983 production provided that the aid guarantee for distributions under  
251.7 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
251.8 for production years 2014 and thereafter.

251.9 (b) The distribution of the taconite production tax as provided in section 298.28,  
251.10 subdivision 2, shall equal the following amount:

251.11 (1) if the production for the year prior to the distribution year is at least 42,000,000  
251.12 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
251.13 to 1999 production; or

251.14 (2) if the production for the year prior to the distribution year is less than 42,000,000  
251.15 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
251.16 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
251.17 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

251.18 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,  
251.19 paragraph (a), guaranteed under this section is equal to the amount distributed under section  
251.20 298.28, with respect to 1983 production.

251.21 **EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

251.22 Sec. 23. Minnesota Statutes 2016, section 298.227, is amended to read:

251.23 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

251.24 (a) An amount equal to that distributed pursuant to each taconite producer's taxable  
251.25 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the  
251.26 Iron Range Resources and Rehabilitation Board in a separate taconite economic development  
251.27 fund for each taconite and direct reduced ore producer. Money from the fund for each  
251.28 producer shall be released by the commissioner after review by a joint committee consisting  
251.29 of an equal number of representatives of the salaried employees and the nonsalaried  
251.30 production and maintenance employees of that producer. The District 11 director of the  
251.31 United States Steelworkers of America, on advice of each local employee president, shall  
251.32 select the employee members. In nonorganized operations, the employee committee shall  
251.33 be elected by the nonsalaried production and maintenance employees. The review must be

252.1 completed no later than six months after the producer presents a proposal for expenditure  
252.2 of the funds to the committee. The funds held pursuant to this section may be released only  
252.3 for workforce development and associated public facility improvement, concurrent  
252.4 reclamation, or for acquisition of plant and stationary mining equipment and facilities for  
252.5 the producer or for research and development in Minnesota on new mining, or taconite,  
252.6 iron, or steel production technology, but only if the producer provides a matching expenditure  
252.7 equal to the amount of the distribution to be used for the same purpose beginning with  
252.8 distributions in 2014. Effective for proposals for expenditures of money from the fund  
252.9 beginning May 26, 2007, the commissioner may not release the funds before the next  
252.10 scheduled meeting of the board. If a proposed expenditure is not approved by the board,  
252.11 the funds must be deposited in the Taconite Environmental Protection Fund under sections  
252.12 298.222 to 298.225. If a producer uses money which has been released from the fund prior  
252.13 to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the  
252.14 producer removes the piece of equipment from the taconite tax relief area defined in section  
252.15 273.134 within ten years from the date of receipt of the money from the fund, a portion of  
252.16 the money granted from the fund must be repaid to the taconite economic development  
252.17 fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is  
252.18 removed from the taconite tax relief area within 12 months after receipt of the money from  
252.19 the fund, declining by ten percent for each of the subsequent nine years during which the  
252.20 equipment remains within the taconite tax relief area. If a taconite production facility is sold  
252.21 after operations at the facility had ceased, any money remaining in the fund for the former  
252.22 producer may be released to the purchaser of the facility on the terms otherwise applicable  
252.23 to the former producer under this section. If a producer fails to provide matching funds for  
252.24 a proposed expenditure within six months after the commissioner approves release of the  
252.25 funds, the funds are available for release to another producer in proportion to the distribution  
252.26 provided and under the conditions of this section. Any portion of the fund which is not  
252.27 released by the commissioner within one year of its deposit in the fund shall be divided  
252.28 between the taconite environmental protection fund created in section 298.223 and the  
252.29 Douglas J. Johnson economic protection trust fund created in section 298.292 for placement  
252.30 in their respective special accounts. Two-thirds of the unreleased funds shall be distributed  
252.31 to the taconite environmental protection fund and one-third to the Douglas J. Johnson  
252.32 economic protection trust fund.

252.33 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of  
252.34 distributions and the review process, an amount equal to ten cents per taxable ton of  
252.35 production in 2007, for distribution in 2008 only, that would otherwise be distributed under  
252.36 paragraph (a), may be used for a loan or grant for the cost of providing for a value-added

253.1 wood product facility located in the taconite tax relief area and in a county that contains a  
253.2 city of the first class. This amount must be deducted from the distribution under paragraph  
253.3 (a) for which a matching expenditure by the producer is not required. The granting of the  
253.4 loan or grant is subject to approval by the board. If the money is provided as a loan, interest  
253.5 must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)  
253.6 Repayments of the loan and interest, if any, must be deposited in the taconite environment  
253.7 protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this  
253.8 paragraph by July 1, 2012, the amount that had been made available for the loan under this  
253.9 paragraph must be transferred to the taconite environment protection fund under sections  
253.10 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section  
253.11 that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a  
253.12 pro rata basis.

253.13 (c) Repayment or transfer of money to the taconite environmental protection fund under  
253.14 paragraph (b), item (ii), must be allocated by the Iron Range Resources and Rehabilitation  
253.15 Board for public works projects in house legislative districts in the same proportion as  
253.16 taxable tonnage of production in 2007 in each house legislative district, for distribution in  
253.17 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008.  
253.18 Notwithstanding any other law to the contrary, expenditures under this paragraph do not  
253.19 require approval by the governor. For purposes of this paragraph, "house legislative districts"  
253.20 means the legislative districts in existence on May 15, 2009.

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

253.22 Sec. 24. Minnesota Statutes 2016, section 298.28, subdivision 3, is amended to read:

253.23 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under  
253.24 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account  
253.25 to be distributed as provided in section 298.282. The amount allocated to the taconite  
253.26 municipal aid account must be annually increased in the same proportion as the increase in  
253.27 the implicit price deflator as provided in section 298.24, subdivision 1.

253.28 (b) An amount must be allocated to towns or cities that is annually certified by the county  
253.29 auditor of a county containing a taconite tax relief area as defined in section 273.134,  
253.30 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,  
253.31 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a  
253.32 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city  
253.33 consists of iron ore.

254.1       (c) The amount allocated under paragraph (b) will be the portion of a township's or city's  
254.2 certified levy equal to the proportion of (1) the difference between 50 percent of January  
254.3 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,  
254.4 assessed value in the case of a city and its current assessed value to (2) the sum of its current  
254.5 assessed value plus the difference determined in (1), provided that the amount distributed  
254.6 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a  
254.7 city. For purposes of this limitation, population will be determined according to the 1980  
254.8 decennial census conducted by the United States Bureau of the Census. If the current assessed  
254.9 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,  
254.10 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,  
254.11 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed  
254.12 value," when used in reference to years other than 1980 or 1982, means the appropriate net  
254.13 tax capacities multiplied by 10.2.

254.14       (d) In addition to other distributions under this subdivision, three cents per taxable ton  
254.15 for distributions in 2009 must be allocated for distribution to towns that are entirely located  
254.16 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution  
254.17 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent  
254.18 amount must be annually increased in the same proportion as the increase in the implicit  
254.19 price deflator as provided in section 298.24, subdivision 1. The amount available under this  
254.20 paragraph will be distributed to eligible towns on a per capita basis, provided that no town  
254.21 may receive more than \$50,000 in any year under this paragraph. Any amount of the  
254.22 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be  
254.23 redistributed on a per capita basis among the other eligible towns, to whose distributions  
254.24 do not exceed \$50,000.

254.25       **EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

254.26       Sec. 25. **[459.36] NO SPENDING OF PUBLIC MONEY FOR CERTAIN RAIL**  
254.27       **PROJECTS.**

254.28       (a) Except as provided in paragraph (b), a governmental unit must not spend or use any  
254.29 money for any costs related to studying the feasibility of, planning for, designing,  
254.30 engineering, acquiring property or constructing facilities for or related to, or development  
254.31 or operation of intercity or interregional passenger rail facilities or operations between the  
254.32 city of Rochester, or locations in its metropolitan area, and any location in the metropolitan  
254.33 area, as defined in section 473.121, subdivision 2.

254.34       (b) The restrictions under this section do not apply to:

255.1        (1) funds the governmental unit obtains from contributions, grants, or other voluntary  
255.2        payments made by nongovernmental entities from private sources;

255.3        (2) expenditures for costs of public infrastructure, including public utilities, parking  
255.4        facilities, a multimode transit hub, or similar projects located within the area of the  
255.5        development district, as defined under section 469.40, and reflected in the development  
255.6        plan adopted before the enactment of this section, that are intended to serve, and that are  
255.7        made following the completed construction and commencement of operation of privately  
255.8        financed and operated intercity or interregional passenger rail facilities; or

255.9        (3) expenditures made after enactment of a law that explicitly adds the intercity or  
255.10        interregional passenger rail project for which the expenditures are made to the statewide  
255.11        freight and passenger rail plan under section 174.03, subdivision 1b.

255.12        (c) For purposes of this section, "governmental unit" means any of the following, located  
255.13        in development regions 10 and 11, as designated under section 462.385, subdivision 1:

255.14        (1) statutory or home rule charter city;

255.15        (2) county;

255.16        (3) special taxing district, as defined in section 275.066;

255.17        (4) metropolitan planning organization; or

255.18        (5) destination medical center entity, which includes the Destination Medical Center  
255.19        Corporation and agency, as those terms are defined in section 469.40, and any successor or  
255.20        related entity.

255.21        **EFFECTIVE DATE.** This section is effective the day following final enactment without  
255.22        local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (c).

255.23        **Sec. 26. [473.1467] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

255.24        (a) Except as provided in paragraph (b), the council must not spend or use any money  
255.25        for any costs related to studying the feasibility of, planning for, designing, engineering,  
255.26        acquiring property or constructing facilities for or related to, or development or operation  
255.27        of intercity or interregional passenger rail facilities or operations between the city of  
255.28        Rochester or locations in its metropolitan area and any location in the metropolitan area, as  
255.29        defined in section 473.121, subdivision 2.

255.30        (b) The restrictions under this section do not apply to:

256.1        (1) funds the council obtains from contributions, grants, or other voluntary payments  
256.2        made by nongovernmental entities from private sources; or

256.3        (2) expenditures made after enactment of a law that explicitly adds the intercity or  
256.4        interregional passenger rail project for which the expenditures are made to the statewide  
256.5        freight and passenger rail plan under section 174.03, subdivision 1b.

256.6        **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
256.7        final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
256.8        Scott, and Washington.

256.9        Sec. 27. Laws 2010, chapter 216, section 58, as amended by Laws 2010, chapter 347,  
256.10       article 7, section 1, and Laws 2010, chapter 389, article 7, section 20, is amended to read:

256.11       **Sec. 58. 2010 DISTRIBUTIONS ONLY.**

256.12       For distributions in 2010 only, a special fund is established to receive the sum of the  
256.13       following amounts that otherwise would be allocated under Minnesota Statutes, section  
256.14       298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as  
256.15       the fiscal agent for the recipients for the specific purposes:

256.16       (1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives  
256.17       for at least two dentists to establish dental practices in high-need areas of the taconite tax  
256.18       relief area;

256.19       (2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal  
256.20       heat at the Olcott Park Greenhouse/Virginia Commons project;

256.21       (3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs  
256.22       at the Miners Memorial;

256.23       (4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of  
256.24       Highway 142/Grant and Park Avenues;

256.25       (5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades  
256.26       and capital improvements to the public arena in Coleraine;

256.27       (6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and  
256.28       pumphouse modifications;

256.29       (7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial  
256.30       claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

257.1 (8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child  
257.2 care center;

257.3 (9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

257.4 (10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library  
257.5 project;

257.6 (11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water  
257.7 and sewer services for Lakewood Housing;

257.8 (12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the  
257.9 Children's Museum;

257.10 (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil  
257.11 corrections. This amount must be matched by local sources;

257.12 (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

257.13 (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

257.14 (16) 0.159 cent per ton must be paid to Aitkin County for a trail;

257.15 (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad  
257.16 crossing;

257.17 (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping  
257.18 of the community center parking lot;

257.19 (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;

257.20 (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements,  
257.21 milling, and overlay for Summit Street between Alaska Avenue and Highway 135;

257.22 (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main  
257.23 replacements and improvements in the Northeast Lower Alley area;

257.24 (22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz  
257.25 Road culvert;

257.26 (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon  
257.27 Street and associated infrastructure;

257.28 (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements  
257.29 at the Park Ridge development;

258.1 (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and  
258.2 site preparation for its renewable and sustainable energy park;

258.3 (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer  
258.4 improvements;

258.5 (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding  
258.6 for the Summit Addition;

258.7 (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility  
258.8 improvements;

258.9 (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer  
258.10 infrastructure improvements;

258.11 (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer  
258.12 improvements;

258.13 (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge  
258.14 improvements and land purchase, provided that if the city sells or otherwise disposes of any  
258.15 of the land purchased with the money provided under this clause within a period of ten five  
258.16 years after it was purchased, the city must transfer a portion of the proceeds of the sale equal  
258.17 to the amount of the purchase price paid from the money provided under this clause to the  
258.18 commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite  
258.19 environmental protection fund to be used for the purposes of the fund under Minnesota  
258.20 Statutes, section 298.223;

258.21 (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer  
258.22 improvements;

258.23 (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer  
258.24 improvements;

258.25 (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer  
258.26 improvements;

258.27 (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer  
258.28 improvements;

258.29 (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure  
258.30 improvements;

258.31 (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure  
258.32 improvements;

259.1        (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

259.2        (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project

259.3        infrastructure improvements;

259.4        (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety

259.5        improvements at the athletic facility;

259.6        (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street

259.7        improvements;

259.8        (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure

259.9        related to a housing development;

259.10       (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

259.11       (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit

259.12       for a signage kiosk;

259.13       (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines

259.14       and adjacent development near County State-Aid Highway 24; and

259.15       (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall

259.16       infrastructure around the athletic complex.

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

259.18       Sec. 28. **CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED**

259.19       **TACONITE TAX PROCEEDS.**

259.20       The commissioner of Iron Range Resources and Rehabilitation may use any unspent

259.21       amounts allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause

259.22       (19), remaining as of May 22, 2016, for the specific purposes identified in that section.

259.23       Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any

259.24       other law to the contrary, interest accrued on this amount shall also be distributed to the

259.25       recipient. Amounts under this section are available until expended and do not lapse or cancel

259.26       under Minnesota Statutes, section 16A.28.

259.27       **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2016.

259.28       Sec. 29. **2017 TACONITE ECONOMIC DEVELOPMENT FUND ALLOCATION.**

259.29       (a) Notwithstanding Minnesota Statutes, section 298.28, subdivision 9a, paragraph (a),

259.30       25.1 cents per taxable ton of the tax collected under Minnesota Statutes, section 298.24, for

260.1 production year 2016, shall be transferred by the commissioner of Iron Range Resources  
260.2 and Rehabilitation, as provided in paragraph (b), to the taconite economic development  
260.3 fund under Minnesota Statutes, section 298.227.

260.4 (b) Of the amount transferred under paragraph (a), two-thirds shall be transferred from  
260.5 the taconite environmental protection fund, and one-third shall be transferred from the  
260.6 Douglas J. Johnson economic protection fund, and deposited into the taconite economic  
260.7 development fund by June 30, 2017.

260.8 (c) Money from the taconite economic development fund shall be released as provided  
260.9 in Minnesota Statutes, section 298.227, except that no distribution shall be made to a taconite  
260.10 producer's fund unless the producer has timely paid its tax under Minnesota Statutes, section  
260.11 298.24, by the dates provided under Minnesota Statutes, section 298.27, or as provided for  
260.12 by administrative agreement.

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

260.14 Sec. 30. **SUPPLEMENT TO 2017 REPORT.**

260.15 By January 2, 2018, the commissioner of revenue shall prepare a supplement to the 2017  
260.16 tax incidence report containing the information required by section 6.

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

260.18 Sec. 31. **APPROPRIATION CANCELLATION.**

260.19 All unspent funds, estimated to be \$7,100,000, for a grant or forgivable loan to Hoyt  
260.20 Lakes pursuant to Laws 2014, chapter 312, article 2, section 2, subdivision 6, are canceled  
260.21 to the Minnesota 21st century fund on June 1, 2017.

260.22 Sec. 32. **APPROPRIATIONS.**

260.23 In addition to other amounts appropriated, \$5,000,000 in fiscal year 2018 and \$5,000,000  
260.24 in fiscal year 2019 are appropriated from the general fund to the commissioner of revenue  
260.25 to administer this act.

260.26 Sec. 33. **REPEALER.**

260.27 (a) Minnesota Statutes 2016, section 297F.05, subdivision 1a, is repealed.  
260.28 (b) Minnesota Rules, part 8125.1300, subpart 3, is repealed.

261.1 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective  
261.2 the day following final enactment.

261.3 **ARTICLE 10**

261.4 **DEPARTMENT OF REVENUE 2015-2016 SALES SUPPRESSION PROVISIONS**

261.5 **Section 1. [289A.14] USE OF AUTOMATED SALES SUPPRESSION DEVICES;**  
261.6 **DEFINITIONS.**

261.7 (a) For the purposes of sections 289A.60, subdivision 32, 289A.63, subdivision 12, and  
261.8 609.5316, subdivision 3, the following terms have the meanings given.

261.9 (b) "Automated sales suppression device" or "zapper" means a software program, carried  
261.10 on any tangible medium, or accessed through any other means, that falsifies the electronic  
261.11 records of electronic cash registers and other point-of-sale systems including, but not limited  
261.12 to, transaction data and transaction reports.

261.13 (c) "Electronic cash register" means a device that keeps a register or supporting documents  
261.14 through the means of an electronic device or computer system designed to record transaction  
261.15 data for the purpose of computing, compiling, or processing retail sales transaction data in  
261.16 whatever manner.

261.17 (d) "Phantom-ware" means hidden preinstalled or later-installed programming option  
261.18 embedded in the operating system of an electronic cash register or hardwired into the  
261.19 electronic cash register that can be used to create a virtual second electronic cash register  
261.20 or may eliminate or manipulate transaction records that may or may not be preserved in  
261.21 digital formats to represent the true or manipulated record of transactions in the electronic  
261.22 cash register.

261.23 (e) "Transaction data" includes items purchased by a customer, the price of each item,  
261.24 the taxability determination for each item, a segregated tax amount for each of the taxed  
261.25 items, the date and time of the purchase, the name, address, and identification number of  
261.26 the vendor, and the receipt or invoice number of the transaction.

261.27 (f) "Transaction report" means a report documenting, but not limited to, the sales, taxes  
261.28 collected, media totals, and discount voids at an electronic cash register that is printed on  
261.29 cash register tape at the end of a day or shift, or a report documenting every action at an  
261.30 electronic cash register that is stored electronically.

262.1 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota

262.2 Statutes, section 289A.63, subdivision 12, or 289A.60, subdivision 32, that occur on or after

262.3 August 1, 2017.

262.4 Sec. 2. Minnesota Statutes 2016, section 289A.60, is amended by adding a subdivision to

262.5 read:

262.6 **Subd. 32. Sales suppression.** (a) A person who:

262.7 (1) sells;

262.8 (2) transfers;

262.9 (3) develops;

262.10 (4) manufactures; or

262.11 (5) possesses with the intent to sell or transfer

262.12 an automated sales suppression device, zapper, phantom-ware, or similar device capable of

262.13 being used to commit tax fraud or suppress sales is liable for a civil penalty calculated under

262.14 paragraph (b).

262.15 (b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total

262.16 amount of all taxes and penalties due that are attributable to the use of any automated sales

262.17 suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer,

262.18 development, or manufacture of the automated sales suppression device, zapper,

262.19 phantom-ware, or similar device by the person.

262.20 (c) The definitions in section 289A.14 apply to this subdivision.

262.21 (d) This subdivision does not apply to the commissioner, a person acting at the direction

262.22 of the commissioner, an agent of the commissioner, law enforcement agencies, or

262.23 postsecondary education institutions that possess an automated sales suppression device,

262.24 zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated

262.25 sales suppression devices, zappers, or phantom-ware.

262.26 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on

262.27 or after August 1, 2017.

263.1 Sec. 3. Minnesota Statutes 2016, section 289A.63, is amended by adding a subdivision to  
263.2 read:

263.3 Subd. 12. **Felony.** (a) A person who sells, purchases, installs, transfers, develops,  
263.4 manufactures, or uses an automated sales suppression device, zapper, phantom-ware, or  
263.5 similar device knowing that the device or phantom-ware is capable of being used to commit  
263.6 tax fraud or suppress sales is guilty of a felony and may be sentenced to imprisonment for  
263.7 not more than five years or to a payment of a fine of not more than \$10,000, or both.

263.8 (b) An automated sales suppression device, zapper, phantom-ware, and any other device  
263.9 containing an automated sales suppression, zapper, or phantom-ware device or software is  
263.10 contraband and subject to forfeiture under section 609.5316.

263.11 (c) The definitions in section 289A.14 apply to this subdivision.

263.12 (d) This subdivision does not apply to the commissioner, a person acting at the direction  
263.13 of the commissioner, an agent of the commissioner, law enforcement agencies, or  
263.14 postsecondary education institutions that possess an automated sales suppression device,  
263.15 zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated  
263.16 sales suppression devices, zappers, or phantom-ware.

263.17 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on  
263.18 or after August 1, 2017.

263.19 Sec. 4. Minnesota Statutes 2016, section 609.5316, subdivision 3, is amended to read:

263.20 Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression**  
263.21 **devices, and bullet-resistant vests.** Weapons used are contraband and must be summarily  
263.22 forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for  
263.23 a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation  
263.24 of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as  
263.25 defined in section 609.486, worn or possessed during the commission or attempted  
263.26 commission of a crime are contraband and must be summarily forfeited to the appropriate  
263.27 agency upon conviction of the owner or possessor for a controlled substance crime or for  
263.28 any offense of this chapter. Telephone cloning paraphernalia used in a violation of section  
263.29 609.894, and automated sales suppression devices, phantom-ware, and other devices  
263.30 containing an automated sales suppression or phantom-ware device or software used in  
263.31 violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited  
263.32 to the appropriate agency upon a conviction.

**EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota

264.2 Statutes, section 289A.63, subdivision 12, that occur on or after August 1, 2017.

## ARTICLE 11

## **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

264.6 Section 1. Minnesota Statutes 2016, section 289A.08, subdivision 11, is amended to read:

264.7 Subd. 11. **Information included in income tax return.** (a) The return must state:

264.8 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address  
264.9 of the taxpayer in the same name or names and same address as the taxpayer has used in  
264.10 making the taxpayer's income tax return to the United States;

264.11 (2) the date or dates of birth of the taxpayer or taxpayers;

264.12 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number  
264.13 has been issued by the United States with respect to the taxpayers; and

264.14 (4) the amount of the taxable income of the taxpayer as it appears on the federal return  
264.15 for the taxable year to which the Minnesota state return applies.

264.16 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy  
264.17 of the federal income tax return that the taxpayer has filed or is about to file for the period;  
264.18 unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return  
264.19 by telefiling.

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

264.21 Sec. 2. Minnesota Statutes 2016, section 289A.08, subdivision 16, is amended to read:

**264.22 Subd. 16. Tax refund or return preparers; electronic filing; paper filing fee imposed.**

264.23 (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision 13, paragraph  
264.24 (f), who is a tax return preparer for purposes of section 6011(e) of the Internal Revenue  
264.25 Code, and who reasonably expects to prepare more than ten Minnesota individual income,  
264.26 corporate franchise, S corporation, partnership, or fiduciary income tax returns for the prior  
264.27 calendar year must file all Minnesota individual income, corporate franchise, S corporation,  
264.28 partnership, or fiduciary income tax returns prepared for that calendar year by electronic  
264.29 means.

264.30 (b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return  
264.31 that the taxpayer did not want the return filed by electronic means.

265.1 (c) For each return that is not filed electronically by a tax refund or return preparer under  
265.2 this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is  
265.3 imposed upon the preparer. The fee is collected from the preparer in the same manner as  
265.4 income tax. The fee does not apply to returns that the commissioner requires to be filed in  
265.5 paper form.

265.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
265.7 31, 2016.

265.8 Sec. 3. Minnesota Statutes 2016, section 289A.09, subdivision 2, is amended to read:

265.9 **Subd. 2. Withholding statement.** (a) A person required to deduct and withhold from  
265.10 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or  
265.11 who would have been required to deduct and withhold a tax under section 290.92, subdivision  
265.12 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined  
265.13 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no  
265.14 more than one withholding exemption, or who paid wages or made payments not subject  
265.15 to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an  
265.16 employee or person receiving royalty payments in excess of \$600, or who has entered into  
265.17 a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must  
265.18 give every employee or person receiving royalty payments in respect to the remuneration  
265.19 paid by the person to the employee or person receiving royalty payments during the calendar  
265.20 year, on or before January 31 of the succeeding year, or, if employment is terminated before  
265.21 the close of the calendar year, within 30 days after the date of receipt of a written request  
265.22 from the employee if the 30-day period ends before January 31, a written statement showing  
265.23 the following:

265.24 (1) name of the person;

265.25 (2) the name of the employee or payee and the employee's or payee's Social Security  
265.26 account number;

265.27 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,  
265.28 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,  
265.29 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal  
265.30 Revenue Code; and the amount of royalties subject to withholding under section 290.923,  
265.31 subdivision 2; and

265.32 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a  
265.33 or 3, or 290.923, subdivision 2.

266.1       (b) The statement required to be furnished by paragraph (a) with respect to any  
266.2 remuneration must be furnished at those times, must contain the information required, and  
266.3 must be in the form the commissioner prescribes.

266.4       (c) The commissioner may prescribe rules providing for reasonable extensions of time,  
266.5 not in excess of 30 days, to employers or payers required to give the statements to their  
266.6 employees or payees under this subdivision.

266.7       (d) A duplicate of any statement made under this subdivision and in accordance with  
266.8 rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~  
266.9 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~  
266.10 ~~of the quarterly returns required to be filed under subdivision 1~~, must be filed with the  
266.11 commissioner on or before ~~February 28~~ January 31 of the year after the payments were  
266.12 made.

266.13       (e) If an employer cancels the employer's Minnesota withholding account number required  
266.14 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed  
266.15 with the commissioner within 30 days of the end of the quarter in which the employer  
266.16 cancels its account number.

266.17       (f) The employer must submit the statements required to be sent to the commissioner ~~in~~  
266.18 ~~the same manner required to satisfy the federal reporting requirements of section 6011(e)~~  
266.19 ~~of the Internal Revenue Code and the regulations issued under it. An employer must submit~~  
266.20 ~~statements to the commissioner required by this section by electronic means if the employer~~  
266.21 ~~is required to send more than 25 statements to the commissioner, even though the employer~~  
266.22 ~~is not required to submit the returns federally by electronic means. For statements issued~~  
266.23 ~~for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding~~  
266.24 ~~required under section 290.92 are aggregated for purposes of determining whether the~~  
266.25 ~~electronic submission threshold is met. The commissioner shall prescribe the content, format,~~  
266.26 and manner of the statement pursuant to section 270C.30.

266.27       (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph  
266.28 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,  
266.29 paragraph (a), with the commissioner by electronic means.

266.30       **EFFECTIVE DATE.** This section is effective for statements required to be sent to the  
266.31 commissioner after December 31, 2017, except that the date change in paragraph (d) is  
266.32 effective for wages paid after December 31, 2016.

267.1 Sec. 4. Minnesota Statutes 2016, section 289A.12, subdivision 14, is amended to read:

267.2 Subd. 14. **Regulated investment companies; Reporting exempt interest and**  
267.3 **exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in  
267.4 exempt-interest dividends to an individual who is a resident of Minnesota, or any person  
267.5 receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee  
267.6 to an individual who is a resident of Minnesota, must make a return indicating the amount  
267.7 of the exempt interest or exempt-interest dividends, the name, address, and Social Security  
267.8 number of the recipient, and any other information that the commissioner specifies. The  
267.9 return must be provided to the shareholder recipient by February 15 of the year following  
267.10 the year of the payment. The return provided to the shareholder recipient must include a  
267.11 clear statement, in the form prescribed by the commissioner, that the exempt interest or  
267.12 exempt-interest dividends must be included in the computation of Minnesota taxable income.  
267.13 By June 1 of each year, the regulated investment company payer must file a copy of the  
267.14 return with the commissioner.

267.15 (b) For purposes of this subdivision, the following definitions apply.

267.16 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
267.17 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
267.18 dividends that are not required to be added to federal taxable income under section 290.0131,  
267.19 subdivision 2, paragraph (b).

267.20 (2) "Regulated investment company" means regulated investment company as defined  
267.21 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company  
267.22 as defined in section 851(g) of the Internal Revenue Code.

267.23 (3) "Exempt interest" means income on obligations of any state other than Minnesota,  
267.24 or a political or governmental subdivision, municipality, or governmental agency or  
267.25 instrumentality of any state other than Minnesota, and exempt from federal income taxes  
267.26 under the Internal Revenue Code or any other federal statute.

267.27 **EFFECTIVE DATE.** This section is effective for reports required to be filed after  
267.28 December 31, 2017.

267.29 Sec. 5. Minnesota Statutes 2016, section 289A.18, is amended by adding a subdivision to  
267.30 read:

267.31 Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who  
267.32 deducts and withholds an amount required to be withheld by section 290.92 may file an  
267.33 annual return and make an annual payment of the amount required to be deducted and

268.1 withheld for that calendar year if the employer has received a notification under paragraph  
268.2 (b). The ability to elect to file an annual return continues through the year following the  
268.3 year where an employer is required to deduct and withhold more than \$500.

268.4 (b) The commissioner is authorized to determine which employers are eligible to file  
268.5 an annual return and to notify employers who newly qualify to file an annual return because  
268.6 the amount an employer is required to deduct and withhold for that calendar year is \$500  
268.7 or less based on the most recent period of four consecutive quarters for which the  
268.8 commissioner has compiled data on that employer's withholding tax for that period. At the  
268.9 time of notification, eligible employers may still decide to file returns and make deposits  
268.10 quarterly. An employer who decides to file returns and make deposits quarterly is required  
268.11 to make all returns and deposits required by this chapter and, notwithstanding paragraph  
268.12 (a), is subject to all applicable penalties for failing to do so.

268.13 (c) If, at the end of any calendar month other than the last month of the calendar year,  
268.14 the aggregate amount of undeposited tax withheld by an employer who has elected to file  
268.15 an annual return exceeds \$500, the employer must deposit the aggregate amount with the  
268.16 commissioner within 30 days of the end of the calendar month.

268.17 (d) If an employer who has elected to file an annual return ceases to pay wages for which  
268.18 withholding is required, the employer must file a final return and deposit any undeposited  
268.19 tax within 30 days of the end of the calendar month following the month in which the  
268.20 employer ceased paying wages.

268.21 (e) An employer not subject to paragraph (c) or (d) who elects to file an annual return  
268.22 must file the return and pay the tax not previously deposited before February 1 of the year  
268.23 following the year in which the tax was withheld.

268.24 (f) A notification to an employer regarding eligibility to file an annual return under  
268.25 Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

268.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
268.27 31, 2016.

268.28 Sec. 6. Minnesota Statutes 2016, section 289A.20, subdivision 2, is amended to read:

268.29 **Subd. 2. Withholding from wages, entertainer withholding, withholding from**  
268.30 **payments to out-of-state contractors, and withholding by partnerships, small business**  
268.31 **corporations, trusts.** (a) Except as provided in section 289A.18, subdivision 2a, a tax  
268.32 required to be deducted and withheld during the quarterly period must be paid on or before  
268.33 the last day of the month following the close of the quarterly period, unless an earlier time

269.1 for payment is provided. A tax required to be deducted and withheld from compensation  
269.2 of an entertainer and from a payment to an out-of-state contractor must be paid on or before  
269.3 the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes  
269.4 required to be deducted and withheld by partnerships, S corporations, and trusts must be  
269.5 paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and  
269.6 trusts and under section 289A.26 for S corporations.

269.7 (b) An employer who, during the previous quarter, withheld more than \$1,500 of tax  
269.8 under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax  
269.9 withheld under those sections with the commissioner within the time allowed to deposit the  
269.10 employer's federal withheld employment taxes under Code of Federal Regulations, title 26,  
269.11 section 31.6302-1, as amended through December 31, 2001, without regard to the safe  
269.12 harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers  
269.13 must submit a copy of their federal notice of deposit status to the commissioner upon request  
269.14 by the commissioner.

269.15 (c) The commissioner may prescribe by rule other return periods or deposit requirements.  
269.16 In prescribing the reporting period, the commissioner may classify payors according to the  
269.17 amount of their tax liability and may adopt an appropriate reporting period for the class that  
269.18 the commissioner judges to be consistent with efficient tax collection. In no event will the  
269.19 duration of the reporting period be more than one year.

269.20 (d) If less than the correct amount of tax is paid to the commissioner, proper adjustments  
269.21 with respect to both the tax and the amount to be deducted must be made, without interest,  
269.22 in the manner and at the times the commissioner prescribes. If the underpayment cannot be  
269.23 adjusted, the amount of the underpayment will be assessed and collected in the manner and  
269.24 at the times the commissioner prescribes.

269.25 (e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending  
269.26 June 30, the employer must remit each required deposit for wages paid in all subsequent  
269.27 calendar years by electronic means.

269.28 (f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a),  
269.29 clause (2), who remits withholding deposits must remit all deposits by electronic means as  
269.30 provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal  
269.31 year for all of the employers.

269.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
269.33 31, 2016.

270.1 Sec. 7. Minnesota Statutes 2016, section 289A.31, subdivision 1, is amended to read:

270.2 **Subdivision 1. Individual income, fiduciary income, mining company, corporate  
franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining  
270.3 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
270.4 taxpayer upon whom the tax is imposed, except in the following cases:

270.6 (1) The tax due from a decedent for that part of the taxable year in which the decedent  
270.7 died during which the decedent was alive and the taxes, interest, and penalty due for the  
270.8 prior years must be paid by the decedent's personal representative, if any. If there is no  
270.9 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
270.10 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
270.11 decedent;

270.12 (2) The tax due from an infant or other incompetent person must be paid by the person's  
270.13 guardian or other person authorized or permitted by law to act for the person;

270.14 (3) The tax due from the estate of a decedent must be paid by the estate's personal  
270.15 representative;

270.16 (4) The tax due from a trust, including those within the definition of a corporation, as  
270.17 defined in section 290.01, subdivision 4, must be paid by a trustee; and

270.18 (5) The tax due from a taxpayer whose business or property is in charge of a receiver,  
270.19 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
270.20 of the business or property so far as the tax is due to the income from the business or property.

270.21 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
270.22 entertainment entity. The payor is liable to the state for the payment of the tax required to  
270.23 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
270.24 entertainer for the amount of the payment.

270.25 (c) The ~~tax~~ taxes imposed under ~~seetion~~ sections 289A.35 and 290.0922 on partnerships  
270.26 ~~is~~ are the joint and several liability of the partnership and the general partners.

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

270.28 Sec. 8. Minnesota Statutes 2016, section 289A.35, is amended to read:

270.29 **289A.35 ASSESSMENTS ON RETURNS.**

270.30 (a) The commissioner may audit and adjust the taxpayer's computation of federal taxable  
270.31 income, items of federal tax preferences, or federal credit amounts to make them conform  
270.32 with the provisions of chapter 290 or section 298.01. If a return has been filed, the

271.1 commissioner shall enter the liability reported on the return and may make any audit or  
271.2 investigation that is considered necessary.

271.3 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the  
271.4 best interest of the state, the commissioner may allow S corporations and partnerships to  
271.5 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their  
271.6 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must  
271.7 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

271.8 (c) A taxpayer may petition the commissioner for the use of the method described in  
271.9 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an  
271.10 order of assessment has been issued.

271.11 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition  
271.12 of a taxpayer cannot be appealed to the Tax Court or any other court.

271.13 (b) (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
271.14 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
271.15 shall notify the estate no later than nine months after the filing date, as provided by section  
271.16 289A.38, subdivision 2, whether the return is under examination or the return has been  
271.17 processed as filed.

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

271.19 Sec. 9. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

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

271.22 (b) "Long-term care insurance" means a policy that:

271.23 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding  
271.24 the 7.5 percent adjusted gross income test; or meets the requirements given in section 62A.46;  
271.25 or provides similar coverage issued under the laws of another jurisdiction; and

271.26 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

271.27 (3) has been offered in compliance with the inflation protection requirements of section  
271.28 62S.23.

271.29 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

271.30 (d) "Premiums deducted in determining federal taxable income" means the lesser of (1)  
271.31 long-term care insurance premiums that qualify as deductions under section 213 of the

272.1 Internal Revenue Code; and (2) the total amount deductible for medical care under section  
272.2 213 of the Internal Revenue Code.

272.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
272.4 after December 31, 2012.

272.5 Sec. 10. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

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

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

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

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

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

272.25 Sec. 11. Minnesota Statutes 2016, section 290.17, subdivision 2, is amended to read:

272.26 **Subd. 2. Income not derived from conduct of a trade or business.** The income of a  
272.27 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or  
272.28 business must be assigned in accordance with paragraphs (a) to (f):

272.29 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
272.30 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent  
272.31 that, the work of the employee is performed within it; all other income from such sources  
272.32 is treated as income from sources without this state.

273.1      Severance pay shall be considered income from labor or personal or professional services.

273.2      (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete  
273.3      or entertainer, income from compensation for labor or personal services performed within  
273.4      this state shall be determined in the following manner:

273.5      (i) The amount of income to be assigned to Minnesota for an individual who is a  
273.6      nonresident salaried athletic team employee shall be determined by using a fraction in which  
273.7      the denominator contains the total number of days in which the individual is under a duty  
273.8      to perform for the employer, and the numerator is the total number of those days spent in  
273.9      Minnesota. For purposes of this paragraph, off-season training activities, unless conducted  
273.10     at the team's facilities as part of a team imposed program, are not included in the total number  
273.11     of duty days. Bonuses earned as a result of play during the regular season or for participation  
273.12     in championship, play-off, or all-star games must be allocated under the formula. Signing  
273.13     bonuses are not subject to allocation under the formula if they are not conditional on playing  
273.14     any games for the team, are payable separately from any other compensation, and are  
273.15     nonrefundable; and

273.16      (ii) The amount of income to be assigned to Minnesota for an individual who is a  
273.17      nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's  
273.18      athletic or entertainment performance in Minnesota shall be determined by assigning to this  
273.19      state all income from performances or athletic contests in this state.

273.20      (3) For purposes of this section, amounts received by a nonresident as "retirement income"  
273.21      as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public  
273.22      Law 104-95, are not considered income derived from carrying on a trade or business or  
273.23      from wages or other compensation for work an employee performed in Minnesota, and are  
273.24      not taxable under this chapter.

273.25      (b) Income or gains from tangible property located in this state that is not employed in  
273.26      the business of the recipient of the income or gains must be assigned to this state.

273.27      (c) Income or gains from intangible personal property not employed in the business of  
273.28      the recipient of the income or gains must be assigned to this state if the recipient of the  
273.29      income or gains is a resident of this state or is a resident trust or estate.

273.30      Gain on the sale of a partnership interest is allocable to this state in the ratio of the  
273.31      original cost of partnership tangible property in this state to the original cost of partnership  
273.32      tangible property everywhere, determined at the time of the sale. If more than 50 percent  
273.33      of the value of the partnership's assets consists of intangibles, gain or loss from the sale of  
273.34      the partnership interest is allocated to this state in accordance with the sales factor of the

274.1 partnership for its first full tax period immediately preceding the tax period of the partnership  
274.2 during which the partnership interest was sold.

274.3 Gain on the sale of an interest in a single member limited liability company that is  
274.4 disregarded for federal income tax purposes is allocable to this state as if the single member  
274.5 limited liability company did not exist and the assets of the limited liability company are  
274.6 personally owned by the sole member.

274.7 Gain on the sale of goodwill or income from a covenant not to compete that is connected  
274.8 with a business operating all or partially in Minnesota is allocated to this state to the extent  
274.9 that the income from the business in the year preceding the year of sale was ~~assignable~~  
274.10 allocable to Minnesota under subdivision 3.

274.11 When an employer pays an employee for a covenant not to compete, the income allocated  
274.12 to this state is in the ratio of the employee's service in Minnesota in the calendar year  
274.13 preceding leaving the employment of the employer over the total services performed by the  
274.14 employee for the employer in that year.

274.15 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
274.16 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
274.17 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

274.18 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the  
274.19 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

274.20 (f) For the purposes of this section, working as an employee shall not be considered to  
274.21 be conducting a trade or business.

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

274.23 Sec. 12. Minnesota Statutes 2016, section 290.31, subdivision 1, is amended to read:

274.24 **Subdivision 1. Partners, not partnership, subject to tax.** Except as provided under  
274.25 section 289A.35, paragraph (b), a partnership as such shall not be subject to the income tax  
274.26 imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons  
274.27 carrying on business as partners shall be liable for income tax only in their separate or  
274.28 individual capacities.

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

274.30 Sec. 13. Minnesota Statutes 2016, section 290A.19, is amended to read:

274.31 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

275.1        (a) The owner or managing agent of any property for which rent is paid for occupancy  
275.2        as a homestead must furnish a certificate of rent paid to a person who is a renter on December  
275.3        31, in the form prescribed by the commissioner. If the renter moves before December 31,  
275.4        the owner or managing agent may give the certificate to the renter at the time of moving,  
275.5        or mail the certificate to the forwarding address if an address has been provided by the  
275.6        renter. The certificate must be made available to the renter before February 1 of the year  
275.7        following the year in which the rent was paid. The owner or managing agent must retain a  
275.8        duplicate of each certificate or an equivalent record showing the same information for a  
275.9        period of three years. The duplicate or other record must be made available to the  
275.10        commissioner upon request.

275.11        (b) The commissioner may require the owner or managing agent, through a simple  
275.12        process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
275.13        rent paid furnished to a renter for rent paid in the prior year, in the content, format, and  
275.14        manner prescribed by the commissioner pursuant to section 270C.30. Prior to implementation,  
275.15        the commissioner, after consulting with representatives of owners or managing agents, shall  
275.16        develop an implementation and administration plan for the requirements of this paragraph  
275.17        that attempts to minimize financial burdens, administration and compliance costs, and takes  
275.18        into consideration existing systems of owners and managing agents.

275.19        (c) For the purposes of this section, "owner" includes a park owner as defined under  
275.20        section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
275.21        327C.01, subdivision 3.

275.22        **EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to  
275.23        a renter for rent paid after December 31, 2016.

275.24        Sec. 14. Minnesota Statutes 2016, section 291.016, subdivision 2, is amended to read:

275.25        **Subd. 2. Additions.** The following amounts, to the extent deducted in computing or  
275.26        otherwise excluded from the federal taxable estate, must be added in computing the  
275.27        Minnesota taxable estate:

275.28        (1) the amount of the deduction for state death taxes allowed under section 2058 of the  
275.29        Internal Revenue Code;

275.30        (2) the amount of the deduction for foreign death taxes allowed under section 2053(d)  
275.31        of the Internal Revenue Code; and

275.32        (3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal  
275.33        Revenue Code, made by the decedent within three years of the date of death. For purposes

276.1 of this clause, the amount of the addition equals the value of the gift under section 2512 of  
276.2 the Internal Revenue Code and excludes any value of the gift included in the federal estate.

276.3 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
276.4 dying after June 30, 2013.

276.5 **Sec. 15. REPEALER.**

276.6 (a) Minnesota Rules, part 8092.1400, is repealed.

276.7 (b) Minnesota Rules, part 8092.2000, is repealed.

276.8 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
276.9 December 31, 2016, except that notifications from the Department of Revenue to employers  
276.10 regarding eligibility to file an annual return for taxes withheld in calendar year 2017 remain  
276.11 in force. Paragraph (b) is effective the day following final enactment.

276.12 **ARTICLE 12**

276.13 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL  
276.14 PROVISIONS; SPECIAL TAXES AND SALES AND USE TAXES**

276.15 Section 1. Minnesota Statutes 2016, section 69.021, subdivision 5, is amended to read:

276.16 **Subd. 5. Calculation of state aid.** (a) The amount of fire state aid available for  
276.17 apportionment, before the addition of the minimum fire state aid allocation amount under  
276.18 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon  
276.19 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
276.20 commissioner by insurers on the Minnesota Firetown Premium Report. This amount must  
276.21 be reduced by the amount required to pay the state auditor's costs and expenses of the audits  
276.22 or exams of the firefighters relief associations.

276.23 The total amount for apportionment in respect to fire state aid must not be less than two  
276.24 percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown  
276.25 Premium Report after subtracting the following amounts:

276.26 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
276.27 exams of the firefighters relief associations; and  
276.28 (2) one percent of the premiums reported by town and farmers' township mutual insurance  
276.29 companies and mutual property and casualty companies with total assets of \$5,000,000 or  
276.30 less.

277.1       (b) The total amount for apportionment as police state aid is equal to 104 percent of the  
277.2 amount of premium taxes paid to the state on the premiums reported to the commissioner  
277.3 by insurers on the Minnesota Aid to Police Premium Report. The total amount for  
277.4 apportionment in respect to the police state aid program must not be less than two percent  
277.5 of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid  
277.6 to Police Premium Report.

277.7       (c) The commissioner shall calculate the percentage of increase or decrease reflected in  
277.8 the apportionment over or under the previous year's available state aid using the same  
277.9 premiums as a basis for comparison.

277.10       (d) In addition to the amount for apportionment of police state aid under paragraph (b),  
277.11 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
277.12 this increase is annually appropriated from the general fund.

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

277.14       Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

277.15       Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within  
277.16 6-1/2 years after the due date of the return or the date the return was filed, whichever is  
277.17 later, if:

277.18       (1) the taxpayer omits from gross income an amount properly includable in it that is in  
277.19 excess of 25 percent of the amount of gross income stated in the return;

277.20       (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax  
277.21 imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes  
277.22 reported in the return; or

277.23       (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross  
277.24 estate reported in the return.

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

277.26       Sec. 3. Minnesota Statutes 2016, section 290.0922, subdivision 2, is amended to read:

277.27       Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this  
277.28 section:

277.29       (1) corporations exempt from tax under section 290.05;

277.30       (2) real estate investment trusts;

278.1 (3) regulated investment companies or a fund thereof; and

278.2 (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue  
278.3 Code;

278.4 (5) ~~town and farmers'~~ township mutual insurance companies;

278.5 (6) cooperatives organized under chapter 308A or 308B that provide housing exclusively  
278.6 to persons age 55 and over and are classified as homesteads under section 273.124,  
278.7 subdivision 3; and

278.8 (7) a qualified business as defined under section 469.310, subdivision 11, if for the  
278.9 taxable year all of its property is located in a job opportunity building zone designated under  
278.10 section 469.314 and all of its payroll is a job opportunity building zone payroll under section  
278.11 469.310.

278.12 Entities not specifically exempted by this subdivision are subject to tax under this section,  
278.13 notwithstanding section 290.05.

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

278.15 Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

278.16 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total  
278.17 amount of tax, if any, the pharmacy owes during that calendar year under section 295.52,  
278.18 subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug  
278.19 distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by  
278.20 the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section  
278.21 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy  
278.22 under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a  
278.23 refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on  
278.24 the annual return as ~~provided under section 295.55, subdivision 5~~ prescribed by the  
278.25 commissioner, on or before March 15 of the year following the calendar year the legend  
278.26 drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months~~  
278.27 ~~from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the  
278.28 initial claim for refund is filed more than one year after the original due date of the return.  
278.29 Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a  
278.30 claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due  
278.31 date of the return if a return is due or the date of the actual claim for refund, whichever is  
278.32 later.

279.1        **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered  
279.2        outside Minnesota after December 31, 2017.

279.3        Sec. 5. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to  
279.4        read:

279.5        Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility"  
279.6        means a single property, or contiguous or adjacent properties used for a common purpose  
279.7        and owned or operated by the same person, on or in which are located one or more stationary  
279.8        tanks that are used singularly or in combination for the storage or containment of more than  
279.9        1,100 gallons of petroleum.

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

279.11        Sec. 6. Minnesota Statutes 2016, section 296A.01, subdivision 33, is amended to read:

279.12        Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless  
279.13        of its composition or properties, used to propel a motor vehicle.

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

279.15        Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 42, is amended to read:

279.16        Subd. 42. **Petroleum products.** "Petroleum products" means all of the products defined  
279.17        in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

279.19        Sec. 8. Minnesota Statutes 2016, section 296A.07, subdivision 1, is amended to read:

279.20        **Subdivision 1. Tax imposed.** There is imposed an excise tax on gasoline, gasoline  
279.21        blended with ethanol, and agricultural alcohol gasoline used in producing and generating  
279.22        power for propelling motor vehicles used on the public highways of this state. The tax is  
279.23        imposed on the first licensed distributor who received the product in Minnesota. For purposes  
279.24        of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18, 20, 23, 24,  
279.25        25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the  
279.26        commissioner. The tax is payable at the rates specified in subdivision 3, subject to the  
279.27        exceptions and reductions specified in section 296A.17.

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

280.1 Sec. 9. Minnesota Statutes 2016, section 297A.82, subdivision 4, is amended to read:

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

280.4 (b) The purchase or use of aircraft previously registered in Minnesota by a corporation  
280.5 or partnership is exempt if the transfer constitutes a transfer within the meaning of section  
280.6 351 or 721 of the Internal Revenue Code.

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

280.10 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline  
280.11 companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this  
280.12 subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and  
280.13 maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes~~  
280.14 ~~aircraft with a gross maximum takeoff weight of less than 30,000 pounds that are used on~~  
280.15 ~~intermittent or irregularly timed flights.~~

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

280.26 (f) The sale or purchase of the following items that relate to aircraft operated under  
280.27 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:  
280.28 equipment and parts necessary for repair and maintenance of aircraft; and equipment and  
280.29 parts to upgrade and improve aircraft.

280.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
280.31 December 31, 2017.

281.1 Sec. 10. Minnesota Statutes 2016, section 297A.82, subdivision 4a, is amended to read:

281.2 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties,  
281.3 collected from the sale or purchase of an aircraft taxable under this chapter must be deposited  
281.4 in the state airports fund established in section 360.017. For purposes of this subdivision,  
281.5 "revenue" does not include the revenue, including interest and penalties, generated by the  
281.6 sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as  
281.7 provided under article XI, section 15, of the Minnesota Constitution.

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

281.9 Sec. 11. Minnesota Statutes 2016, section 297E.02, subdivision 7, is amended to read:

281.10 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions  
281.11 imposed by this chapter, a person, organization, or business entity possessing or selling a  
281.12 pull-tab, electronic pull-tab game, raffle board, or tipboard upon which the tax imposed by  
281.13 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each  
281.14 pull-tab, electronic pull-tab game, raffle board, or tipboard. The tax on a partial deal must  
281.15 be assessed as if it were a full deal.

281.16 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1)  
281.17 not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles,  
281.18 or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to  
281.19 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six  
281.20 percent of the gross receipts from that activity.

281.21 (c) The tax mustmay be assessed by the commissioner. An assessment must be considered  
281.22 a jeopardy assessment or jeopardy collection as provided in section 270C.36. The  
281.23 commissioner shall assess the tax based on personal knowledge or information available to  
281.24 the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known  
281.25 address, or serve in person, a written notice of the amount of tax, demand its immediate  
281.26 payment, and, if payment is not immediately made, collect the tax by any method described  
281.27 in chapter 270C, except that the commissioner need not await the expiration of the times  
281.28 specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid  
281.29 and correctly determined and assessed. The burden is upon the taxpayer to show its  
281.30 incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling  
281.31 that is exempt from taxation under subdivision 2.

281.32 (d) A person, organization, or business entity conducting gambling activity under this  
281.33 subdivision must file monthly tax returns with the commissioner, in the form required by

282.1 the commissioner. The returns must be filed on or before the 20th day of the month following  
282.2 the month in which the gambling activity occurred. The tax imposed by this section is due  
282.3 and payable at the time when the returns are required to be filed.

282.4 (e) Notwithstanding any law to the contrary, neither the commissioner nor a public  
282.5 employee may reveal facts contained in a tax return filed with the commissioner of revenue  
282.6 as required by this subdivision, nor can any information contained in the report or return  
282.7 be used against the tax obligor in any criminal proceeding, unless independently obtained,  
282.8 except in connection with a proceeding involving taxes due under this section, or as provided  
282.9 in section 270C.055, subdivision 1. However, this paragraph does not prohibit the  
282.10 commissioner from publishing statistics that do not disclose the identity of tax obligors or  
282.11 the contents of particular returns or reports. Any person violating this paragraph is guilty  
282.12 of a gross misdemeanor.

282.13 **EFFECTIVE DATE.** This section is effective for games played or purchased after June  
282.14 **30, 2017.**

282.15 Sec. 12. Minnesota Statutes 2016, section 297H.06, subdivision 2, is amended to read:

282.16 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal  
282.17 solid waste or upon the volume of nonmixed municipal solid waste for waste management  
282.18 services to manage the following materials:

282.19 (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside  
282.20 of Minnesota;

282.21 (2) recyclable materials that are separated for recycling by the generator, collected  
282.22 separately from other waste, and recycled, to the extent the price of the service for handling  
282.23 recyclable material is separately itemized on a bill to the generator;

282.24 (3) recyclable nonmixed municipal solid waste that is separated for recycling by the  
282.25 generator, collected separately from other waste, delivered to a waste facility for the purpose  
282.26 of recycling, and recycled;

282.27 (4) industrial waste, when it is transported to a facility owned and operated by the same  
282.28 person that generated it;

282.29 (5) mixed municipal solid waste from a recycling facility that separates or processes  
282.30 recyclable materials and reduces the volume of the waste by at least 85 percent, provided  
282.31 that the exempted waste is managed separately from other waste;

283.1       (6) recyclable materials that are separated from mixed municipal solid waste by the  
283.2 generator, collected and delivered to a waste facility that recycles at least 85 percent of its  
283.3 waste, and are collected with mixed municipal solid waste that is segregated in leakproof  
283.4 bags, provided that the mixed municipal solid waste does not exceed five percent of the  
283.5 total weight of the materials delivered to the facility and is ultimately delivered to a waste  
283.6 facility identified as a preferred waste management facility in county solid waste plans  
283.7 under section 115A.46;

283.8       (7) source-separated compostable ~~waste materials~~, if the ~~waste is~~ materials are delivered  
283.9 to a facility exempted as described in this clause. To initially qualify for an exemption, a  
283.10 facility must apply for an exemption in its application for a new or amended solid waste  
283.11 permit to the Pollution Control Agency. The first time a facility applies to the agency it  
283.12 must certify in its application that it will comply with the criteria in items (i) to (v) and the  
283.13 commissioner of the agency shall so certify to the commissioner of revenue who must grant  
283.14 the exemption. The facility must annually apply to the agency for certification to renew its  
283.15 exemption for the following year. The application must be filed according to the procedures  
283.16 of, and contain the information required by, the agency. The commissioner of revenue shall  
283.17 grant the exemption if the commissioner of the Pollution Control Agency finds and certifies  
283.18 to the commissioner of revenue that based on an evaluation of the composition of incoming  
283.19 waste and residuals and the quality and use of the product:

283.20       (i) generators separate materials at the source;  
283.21       (ii) the separation is performed in a manner appropriate to the technology specific to the  
283.22 facility that:

283.23       (A) maximizes the quality of the product;  
283.24       (B) minimizes the toxicity and quantity of ~~residuals rejects~~; and  
283.25       (C) provides an opportunity for significant improvement in the environmental efficiency  
283.26 of the operation;

283.27       (iii) the operator of the facility educates generators, in coordination with each county  
283.28 using the facility, about separating the waste to maximize the quality of the waste stream  
283.29 for technology specific to the facility;

283.30       (iv) process ~~residuals rejects~~ do not exceed 15 percent of the weight of the total material  
283.31 delivered to the facility; and

283.32       (v) the final product is accepted for use;

283.33       (8) waste and waste by-products for which the tax has been paid; and

284.1        (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution  
284.2        Control Agency.

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

284.4        Sec. 13. Minnesota Statutes 2016, section 297I.05, subdivision 2, is amended to read:

284.5        Subd. 2. **Town and farmers' Township mutual insurance.** A tax is imposed on ~~town~~  
284.6 ~~and farmers'~~ township mutual insurance companies. The rate of tax is equal to one percent  
284.7 of gross premiums less return premiums on all direct business received by the insurer or  
284.8 agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

284.10       Sec. 14. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

284.11       Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a  
284.12 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross  
284.13 premiums, less return premiums, on all direct business received by any licensed foreign or  
284.14 domestic fire insurance company on property in a city of the first class, or by its agents for  
284.15 it, in cash or otherwise.

284.16       (b) By July 31 and December 31 of each year, the commissioner ~~of management and~~  
284.17 ~~budget~~ shall pay to each city of the first class a warrant for an amount equal to the total  
284.18 amount of the surcharge on the premiums collected within that city since the previous  
284.19 payment.

284.20       (c) The treasurer of the city shall place the money received under this subdivision in a  
284.21 special account or fund to defray all or a portion of the employer contribution requirement  
284.22 of public employees police and fire plan coverage for city firefighters.

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

284.24       Sec. 15. Minnesota Statutes 2016, section 297I.10, subdivision 3, is amended to read:

284.25       Subd. 3. **Appropriation.** The amount necessary to make the payments required under  
284.26 this section is appropriated to the commissioner ~~of management and budget~~ from the general  
284.27 fund.

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

285.1 Sec. 16. Minnesota Statutes 2016, section 298.01, subdivision 4c, is amended to read:

285.2 Subd. 4c. **Special deductions; net operating loss.** (a) For purposes of determining  
285.3 taxable income under subdivision 4, the provisions of sections 290.0133, subdivisions 7  
285.4 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

285.5 ~~(b) The amount of net operating loss incurred in a taxable year beginning before January 1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is the amount of net operating loss carryover determined in the calculation of the hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.~~

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

## 285.10 ARTICLE 13

### 285.11 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL 285.12 PROVISIONS; PROPERTY TAX**

285.13 Section 1. Minnesota Statutes 2016, section 13.51, subdivision 2, is amended to read:

285.14 Subd. 2. **Income property assessment data.** The following data collected by political  
285.15 subdivisions and the state from individuals or business entities concerning income properties  
285.16 are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

285.17 (a) detailed income and expense figures;

285.18 (b) average vacancy factors;

285.19 (c) verified net rentable areas or net usable areas, whichever is appropriate;

285.20 (d) anticipated income and expenses;

285.21 (e) projected vacancy factors; and

285.22 (f) lease information.

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

285.24 Sec. 2. Minnesota Statutes 2016, section 270.071, subdivision 2, is amended to read:

285.25 Subd. 2. **Air commerce.** (a) "Air commerce" means the transportation by aircraft of  
285.26 persons or property for hire in interstate, intrastate, or international transportation on regularly  
285.27 scheduled flights or on intermittent or irregularly timed flights by airline companies and  
285.28 includes transportation by any airline company making three or more flights in or out of  
285.29 Minnesota, or within Minnesota, during a calendar year.

286.1       (b) "Air commerce" includes but is not limited to an intermittent or irregularly timed  
286.2       flight, a flight arranged at the convenience of an airline and the person contracting for the  
286.3       transportation, or a charter flight. It includes any airline company making three or more  
286.4       flights in or out of Minnesota during a calendar year.

286.5       (c) "Air commerce" does not include casual transportation for hire by aircraft commonly  
286.6       owned and used for private air flight purposes if the person furnishing the transportation  
286.7       does not hold out to be engaged regularly in transportation for hire.

286.8       **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

286.9       Sec. 3. Minnesota Statutes 2016, section 270.071, subdivision 7, is amended to read:

286.10       Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment used  
286.11       in connection therewith, including spare flight equipment. Flight property also includes  
286.12       computers and computer software used in operating, controlling, or regulating aircraft and  
286.13       flight equipment. Flight property does not include aircraft with a maximum takeoff weight  
286.14       of less than 30,000 pounds.

286.15       **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

286.16       Sec. 4. Minnesota Statutes 2016, section 270.071, subdivision 8, is amended to read:

286.17       Subd. 8. **Person.** "Person" means any an individual, corporation, firm, copartnership,  
286.18       company, or association, and includes any guardian, trustee, executor, administrator, receiver,  
286.19       conservator, or any person acting in any fiduciary capacity therefor trust, estate, fiduciary,  
286.20       partnership, company, corporation, limited liability company, association, governmental  
286.21       unit or agency, public or private organization of any kind, or other legal entity.

286.22       **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

286.23       Sec. 5. Minnesota Statutes 2016, section 270.071, is amended by adding a subdivision to  
286.24       read:

286.25       Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly timed  
286.26       flights" means any flight in which the departure time, departure location, and arrival location  
286.27       are specifically negotiated with the customer or the customer's representative, including but  
286.28       not limited to charter flights.

286.29       **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

287.1 Sec. 6. Minnesota Statutes 2016, section 270.072, subdivision 2, is amended to read:

287.2 Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is leased,  
287.3 loaned, or otherwise made available to an airline company operating in Minnesota shall be  
287.4 assessed and appraised annually by the commissioner with reference to its value on January  
287.5 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft~~  
287.6 ~~with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed~~  
287.7 ~~flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

287.8 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

287.9 Sec. 7. Minnesota Statutes 2016, section 270.072, subdivision 3, is amended to read:

287.10 Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every airline  
287.11 company engaged in air commerce in this state shall file with the commissioner a report  
287.12 under oath setting forth specifically the information prescribed by the commissioner to  
287.13 enable the commissioner to make the assessment required in sections 270.071 to 270.079,  
287.14 unless the commissioner determines that the airline company ~~or person should be excluded~~  
287.15 ~~from is exempt from filing because its activities do not constitute air commerce as defined~~  
287.16 ~~herein.~~

287.17 (b) The commissioner shall prescribe the content, format, and manner of the report  
287.18 pursuant to section 270C.30, except that a "law administered by the commissioner" includes  
287.19 the property tax laws. If a report is made by electronic means, the taxpayer's signature is  
287.20 defined pursuant to section 270C.304, except that a "law administered by the commissioner"  
287.21 includes the property tax laws.

287.22 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports filed in  
287.23 2018 and thereafter. The amendment adding paragraph (b) is effective the day following  
287.24 final enactment.

287.25 Sec. 8. Minnesota Statutes 2016, section 270.072, is amended by adding a subdivision to  
287.26 read:

287.27 Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report required  
287.28 by subdivision 3, the commissioner may, from information in the commissioner's possession  
287.29 or obtainable by the commissioner, make and file a report for the airline company, or may  
287.30 issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

287.31 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

288.1 Sec. 9. Minnesota Statutes 2016, section 270.12, is amended by adding a subdivision to  
288.2 read:

288.3 **Subd. 6. Reassessment orders.** If the State Board of Equalization determines that a  
288.4 considerable amount of property has been undervalued or overvalued compared to like  
288.5 property such that the assessment is grossly unfair or inequitable, the State Board of  
288.6 Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders  
288.7 to the county assessor to reassess all parcels or an identified set of parcels in a county.

288.8 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

288.9 Sec. 10. Minnesota Statutes 2016, section 270C.89, subdivision 1, is amended to read:

288.10 **Subdivision 1. Initial report.** Each county assessor shall file by April 1 with the  
288.11 commissioner a copy of the abstract that will be acted upon by the local and county boards  
288.12 of review. The abstract must list the real and personal property in the county itemized by  
288.13 assessment districts. The assessor of each county in the state shall file with the commissioner,  
288.14 within ten working days following final action of the local board of review or equalization  
288.15 and within five days following final action of the county board of equalization, any changes  
288.16 made by the local or county board. The information must be filed in the manner prescribed  
288.17 by the commissioner. ~~It must be accompanied by a printed or typewritten copy of the~~  
288.18 ~~proceedings of the appropriate board.~~

288.19 **EFFECTIVE DATE.** This section is effective for local and county boards of appeal  
288.20 and equalization meetings held in 2017 and thereafter.

288.21 Sec. 11. Minnesota Statutes 2016, section 272.02, subdivision 9, is amended to read:

288.22 **Subd. 9. Personal property; exceptions.** Except for the taxable personal property  
288.23 enumerated below, all personal property and the property described in section 272.03,  
288.24 subdivision 1, paragraphs (c) and (d), shall be exempt.

288.25 The following personal property shall be taxable:

288.26 (a) personal property which is part of (1) an electric generating, transmission, or  
288.27 distribution system or; (2) a pipeline system transporting or distributing ~~water, gas, crude~~  
288.28 ~~oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot  
288.29 or chilled water for heating or cooling buildings and structures;

288.30 (b) railroad docks and wharves which are part of the operating property of a railroad  
288.31 company as defined in section 270.80;

289.1 (c) personal property defined in section 272.03, subdivision 2, clause (3);  
289.2 (d) leasehold or other personal property interests which are taxed pursuant to section  
289.3 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
289.4 providing the property is taxable as if the lessee or user were the fee owner;  
289.5 (e) manufactured homes and sectional structures, including storage sheds, decks, and  
289.6 similar removable improvements constructed on the site of a manufactured home, sectional  
289.7 structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph  
289.8 (f); and  
289.9 (f) flight property as defined in section 270.071.

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

289.11 Sec. 12. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

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

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

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

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

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

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

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

290.1       (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy  
290.2 conversion system; and  
290.3       (3) under common ownership.

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

290.6       (c) In making a determination under paragraph (b), the commissioner of commerce may  
290.7 determine that two wind energy conversion systems are under common ownership when  
290.8 the underlying ownership structure contains similar persons or entities, even if the ownership  
290.9 shares differ between the two systems. Wind energy conversion systems are not under  
290.10 common ownership solely because the same person or entity provided equity financing for  
290.11 the systems.

290.12       **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

290.13       Sec. 13. Minnesota Statutes 2016, section 272.029, is amended by adding a subdivision  
290.14 to read:

290.15       **Subd. 8. Extension.** The commissioner may, for good cause, extend the time for filing  
290.16 the report required by subdivision 4. The extension must not exceed 15 days.

290.17       **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

290.18       Sec. 14. Minnesota Statutes 2016, section 273.061, subdivision 7, is amended to read:

290.19       **Subd. 7. Division of duties between local and county assessor.** The duty of the duly  
290.20 appointed local assessor shall be to view and appraise the value of all property as provided  
290.21 by law, but all the book work shall be done by the county assessor, or the assessor's assistants,  
290.22 and the value of all property subject to assessment and taxation shall be determined by the  
290.23 county assessor, except as otherwise hereinafter provided. If directed by the county assessor,  
290.24 the local assessor ~~shall~~ must perform the duties enumerated in subdivision 8, clause (16),  
290.25 and must enter construction and valuation data into the records in the manner prescribed  
290.26 by the county assessor.

290.27       **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

290.28       Sec. 15. Minnesota Statutes 2016, section 273.08, is amended to read:

290.29       **273.08 ASSESSOR'S DUTIES.**

291.1        The assessor shall actually view, and determine the market value of each tract or lot of  
291.2        real property listed for taxation, including the value of all improvements and structures  
291.3        thereon, at maximum intervals of five years and shall enter the value opposite each  
291.4        description. When directed by the county assessor, local assessors must enter construction  
291.5        and valuation data into the records in the manner prescribed by the county assessor.

291.6        **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

291.7        Sec. 16. Minnesota Statutes 2016, section 273.121, is amended by adding a subdivision  
291.8        to read:

291.9        Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a  
291.10        county assessor, who does not comply with the timely notice requirement under subdivision  
291.11        1 must:

291.12        (1) mail an additional valuation notice to each person who was not provided timely  
291.13        notice; and

291.14        (2) convene a supplemental local board of appeal and equalization or local review session  
291.15        no sooner than ten days after sending the additional notices required by clause (1).

291.16        **EFFECTIVE DATE.** This section is effective for valuation notices sent in 2018 and  
291.17        thereafter.

291.18        Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

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

291.24        The first \$500,000 of market value of class 1a property has a net classification rate of  
291.25        one percent of its market value; and the market value of class 1a property that exceeds  
291.26        \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

292.12 Permanently and totally disabled for the purpose of this subdivision means a condition  
292.13 which is permanent in nature and totally incapacitates the person from working at an  
292.14 occupation which brings the person an income. The first \$50,000 market value of class 1b  
292.15 property has a net classification rate of .45 percent of its market value. The remaining market  
292.16 value of class 1b property ~~has a classification rate using the rates for~~ is classified as class  
292.17 1a or class 2a property, whichever is appropriate, ~~of similar market value~~.

292.18 (c) Class 1c property is commercial use real and personal property that abuts public  
292.19 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
292.20 seasonal residential occupancy for recreational purposes but not devoted to commercial  
292.21 purposes for more than 250 days in the year preceding the year of assessment, and that  
292.22 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
292.23 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
292.24 partnership that owns the resort, or a member of a limited liability company that owns the  
292.25 resort even if the title to the homestead is held by the corporation, partnership, or limited  
292.26 liability company. For purposes of this paragraph, property is devoted to a commercial  
292.27 purpose on a specific day if any portion of the property, excluding the portion used  
292.28 exclusively as a homestead, is used for residential occupancy and a fee is charged for  
292.29 residential occupancy. Class 1c property must contain three or more rental units. A "rental  
292.30 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping  
292.31 site equipped with water and electrical hookups for recreational vehicles. Class 1c property  
292.32 must provide recreational activities such as the rental of ice fishing houses, boats and motors,  
292.33 snowmobiles, downhill or cross-country ski equipment; provide marina services, launch  
292.34 services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use

293.1 the property is transferred to an individual or entity by deeded interest, or the sale of shares  
293.2 or stock, no longer qualifies for class 1c even though it may remain available for rent. A  
293.3 camping pad offered for rent by a property that otherwise qualifies for class 1c is also class  
293.4 1c, regardless of the term of the rental agreement, as long as the use of the camping pad  
293.5 does not exceed 250 days. If the same owner owns two separate parcels that are located in  
293.6 the same township, and one of those properties is classified as a class 1c property and the  
293.7 other would be eligible to be classified as a class 1c property if it was used as the homestead  
293.8 of the owner, both properties will be assessed as a single class 1c property; for purposes of  
293.9 this sentence, properties are deemed to be owned by the same owner if each of them is  
293.10 owned by a limited liability company, and both limited liability companies have the same  
293.11 membership. The portion of the property used as a homestead is class 1a property under  
293.12 paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of  
293.13 market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining  
293.14 market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II,  
293.15 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to  
293.16 temporary and seasonal residential occupancy for recreation purposes in which all or a  
293.17 portion of the property was devoted to commercial purposes for not more than 250 days in  
293.18 the year preceding the year of assessment desiring classification as class 1c, must submit a  
293.19 declaration to the assessor designating the cabins or units occupied for 250 days or less in  
293.20 the year preceding the year of assessment by January 15 of the assessment year. Those  
293.21 cabins or units and a proportionate share of the land on which they are located must be  
293.22 designated as class 1c as otherwise provided. The remainder of the cabins or units and a  
293.23 proportionate share of the land on which they are located must be designated as class 3a  
293.24 commercial. The owner of property desiring designation as class 1c property must provide  
293.25 guest registers or other records demonstrating that the units for which class 1c designation  
293.26 is sought were not occupied for more than 250 days in the year preceding the assessment  
293.27 if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,  
293.28 (4) conference center or meeting room, and (5) other nonresidential facility operated on a  
293.29 commercial basis not directly related to temporary and seasonal residential occupancy for  
293.30 recreation purposes does not qualify for class 1c.

293.31 (d) Class 1d property includes structures that meet all of the following criteria:

293.32 (1) the structure is located on property that is classified as agricultural property under  
293.33 section 273.13, subdivision 23;

293.34 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
293.35 they work on that farm, and the occupants are not charged rent for the privilege of occupying

294.1 the property, provided that use of the structure for storage of farm equipment and produce  
294.2 does not disqualify the property from classification under this paragraph;

294.3 (3) the structure meets all applicable health and safety requirements for the appropriate  
294.4 season; and

294.5 (4) the structure is not salable as residential property because it does not comply with  
294.6 local ordinances relating to location in relation to streets or roads.

294.7 The market value of class 1d property has the same classification rates as class 1a property  
294.8 under paragraph (a).

294.9 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

294.10 Sec. 18. Minnesota Statutes 2016, section 273.33, subdivision 1, is amended to read:

294.11 **Subdivision 1. Listing and assessment in county.** The personal property of express,  
294.12 stage and transportation companies, and of pipeline companies engaged in the business of  
294.13 transporting ~~natural gas, gasoline, crude oil, or other petroleum~~ products, except as otherwise  
294.14 provided by law, shall be listed and assessed in the county, town or district where the same  
294.15 is usually kept.

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

294.17 Sec. 19. Minnesota Statutes 2016, section 273.33, subdivision 2, is amended to read:

294.18 **Subd. 2. Listing and assessment by commissioner.** The personal property, consisting  
294.19 of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies  
294.20 and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude~~  
294.21 ~~oil, or other petroleum~~ products by pipelines, shall be listed with and assessed by the  
294.22 commissioner of revenue and the values provided to the city or county assessor by order.  
294.23 This subdivision shall not apply to the assessment of the products transported through the  
294.24 pipelines nor to the lines of local commercial gas companies engaged primarily in the  
294.25 business of distributing gas products to consumers at retail nor to pipelines used by the  
294.26 owner thereof to supply ~~natural gas or other petroleum~~ products exclusively for such owner's  
294.27 own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or~~  
294.28 ~~other petroleum~~ products actually transported over the pipeline is used for the owner's own  
294.29 consumption and not for resale to others, then this subdivision shall not apply; provided,  
294.30 however, that in that event, the pipeline shall be assessed in proportion to the percentage  
294.31 of gas products actually transported over such pipeline that is not used for the owner's own  
294.32 consumption. On or before August 1, the commissioner shall certify to the auditor of each

295.1 county, the amount of such personal property assessment against each company in each  
295.2 district in which such property is located. If the commissioner determines that the amount  
295.3 of personal property assessment certified on or before August 1 is in error, the commissioner  
295.4 may issue a corrected certification on or before October 1. The commissioner may correct  
295.5 errors that are merely clerical in nature until December 31.

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

295.7 Sec. 20. Minnesota Statutes 2016, section 273.372, subdivision 2, is amended to read:

295.8 **Subd. 2. Contents and filing of petition.** (a) In all appeals to court that are required to  
295.9 be brought against the commissioner under this section, the petition initiating the appeal  
295.10 must be served on the commissioner and must be filed with the Tax Court in Ramsey County,  
295.11 as provided in paragraph (b) or (c).

295.12 (b) If the appeal to court is from an order of the commissioner, it must be brought under  
295.13 chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2,  
295.14 except that when the provisions of this section conflict with chapter 271 or 278, this section  
295.15 prevails. In addition, the petition must include all the parcels encompassed by that order  
295.16 which the petitioner claims have been partially, unfairly, or unequally assessed, assessed  
295.17 at a valuation greater than their real or actual value, misclassified, or are exempt. For this  
295.18 purpose, an order of the commissioner is either (1) a certification or notice of value by the  
295.19 commissioner for property described in subdivision 1, or (2) the final determination by the  
295.20 commissioner of either an administrative appeal conference or informal administrative  
295.21 appeal described in subdivision 4.

295.22 (c) If the appeal is from the tax that results from implementation of the commissioner's  
295.23 order, certification, or recommendation, it must be brought under chapter 278, and the  
295.24 provisions in that chapter apply, except that service shall be on the commissioner only and  
295.25 not on the local officials specified in section 278.01, subdivision 1, and if any other provision  
295.26 of this section conflicts with chapter 278, this section prevails. In addition, the petition must  
295.27 include either all the utility parcels or all the railroad parcels in the state in which the  
295.28 petitioner claims an interest and which the petitioner claims have been partially, unfairly,  
295.29 or unequally assessed, assessed at a valuation greater than their real or actual value,  
295.30 misclassified, or are exempt.

295.31 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

296.1 Sec. 21. Minnesota Statutes 2016, section 273.372, subdivision 4, is amended to read:

296.2 **Subd. 4. Administrative appeals.** (a) Companies that submit the reports under section  
296.3 270.82 or 273.371 by the date specified in that section, or by the date specified by the  
296.4 commissioner in an extension, may appeal administratively to the commissioner prior to  
296.5 bringing an action in court.

296.6 (b) Companies ~~that must submit reports under section 270.82 must submit~~ file a written  
296.7 request ~~to~~ for an appeal with the commissioner ~~for a conference~~ within ~~ten~~ 30 days after  
296.8 the notice date of the commissioner's valuation certification or other notice to the company,  
296.9 ~~or by June 15, whichever is earlier. For purposes of this section, "notice date" means the~~  
296.10 notice date of the valuation certification, commissioner's order, recommendation, or other  
296.11 notice.

296.12 (c) ~~Companies that submit reports under section 273.371 must submit a written request~~  
296.13 ~~to the commissioner for a conference within ten days after the date of the commissioner's~~  
296.14 ~~valuation certification or notice to the company, or by July 1, whichever is earlier. The~~  
296.15 appeal need not be in any particular form but must contain the following information:

296.16 (1) name and address of the company;

296.17 (2) the date;

296.18 (3) its Minnesota identification number;

296.19 (4) the assessment year or period involved;

296.20 (5) the findings in the valuation that the company disputes;

296.21 (6) a summary statement specifying its reasons for disputing each item; and

296.22 (7) the signature of the company's duly authorized agent or representative.

296.23 (d) When requested in writing and within the time allowed for filing an administrative  
296.24 appeal, the commissioner may extend the time for filing an appeal for a period of not more  
296.25 than 15 days from the expiration of the time for filing the appeal.

296.26 (e) The commissioner shall conduct the conference either in person or by telephone  
296.27 upon the commissioner's entire files and records and such further information as may be  
296.28 offered. The conference must be held no later than 20 days after the date of the  
296.29 ~~commissioner's valuation certification or notice to the company, or by the date specified by~~  
296.30 ~~the commissioner in an extension request for an appeal.~~ Within ~~60~~ 30 days after the  
296.31 conference the commissioner shall make a final determination of the matter and shall notify

297.1 the company promptly of the determination. The conference is not a contested case hearing  
297.2 subject to chapter 14.

297.3 ~~(e) In addition to the opportunity for a conference under paragraph (a), the commissioner~~  
297.4 ~~shall also provide the railroad and utility companies the opportunity to discuss any questions~~  
297.5 ~~or concerns relating to the values established by the commissioner through certification or~~  
297.6 ~~notice in a less formal manner. This does not change or modify the deadline for requesting~~  
297.7 ~~a conference under paragraph (a), the deadline in section 271.06 for appealing an order of~~  
297.8 ~~the commissioner, or the deadline in section 278.01 for appealing property taxes in court.~~

297.9 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

297.10 Sec. 22. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision  
297.11 to read:

297.12 Subd. 5. **Agreement determining valuation.** When it appears to be in the best interest  
297.13 of the state, the commissioner may settle any matter under consideration regarding an appeal  
297.14 filed under this section. The agreement must be in writing and signed by the commissioner  
297.15 and the company or the company's authorized representative. The agreement is final and  
297.16 conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a  
297.17 material fact, the case may not be reopened as to the matters agreed upon.

297.18 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

297.19 Sec. 23. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision  
297.20 to read:

297.21 Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal  
297.22 from an order of the commissioner and also files an appeal to the tax court for that same  
297.23 order of the commissioner, the administrative appeal is dismissed and the commissioner is  
297.24 no longer required to make the determination of appeal under subdivision 4.

297.25 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

297.26 Sec. 24. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

297.27 After making the apportionment provided in Minnesota Rules, part 8100.0600, the  
297.28 commissioner must equalize the values of the operating structures to the level accepted by  
297.29 the State Board of Equalization if the appropriate sales ratio for each county, as conducted  
297.30 by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is  
297.31 outside the range accepted by the State Board of Equalization. The commissioner must not

298.1 equalize the value of the operating structures if the sales ratio determined pursuant to this  
298.2 subdivision is within the range accepted by the State Board of Equalization.

298.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

298.4 Sec. 25. Minnesota Statutes 2016, section 274.01, subdivision 1, is amended to read:

298.5       **Subdivision 1. Ordinary board; meetings, deadlines, grievances.** (a) The town board  
298.6 of a town, or the council or other governing body of a city, is the local board of appeal and  
298.7 equalization except (1) in cities whose charters provide for a board of equalization or (2)  
298.8 in any city or town that has transferred its local board of review power and duties to the  
298.9 county board as provided in subdivision 3. The county assessor shall fix a day and time  
298.10 when ~~the board or the local~~ board of equalization shall meet in the assessment districts of  
298.11 the county. Notwithstanding any law or city charter to the contrary, a city board of  
298.12 equalization shall be referred to as a local board of appeal and equalization. On or before  
298.13 February 15 of each year the assessor shall give written notice of the time to the city or  
298.14 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must  
298.15 be held between April 1 and May 31 each year. The clerk shall give published and posted  
298.16 notice of the meeting at least ten days before the date of the meeting.

298.17       The board shall meet either at a central location within the county or at the office of the  
298.18 clerk to review the assessment and classification of property in the town or city. No changes  
298.19 in valuation or classification which are intended to correct errors in judgment by the county  
298.20 assessor may be made by the county assessor after the board has adjourned in those cities  
298.21 or towns that hold a local board of review; however, corrections of errors that are merely  
298.22 clerical in nature or changes that extend homestead treatment to property are permitted after  
298.23 adjournment until the tax extension date for that assessment year. The changes must be fully  
298.24 documented and maintained in the assessor's office and must be available for review by any  
298.25 person. A copy of the changes made during this period in those cities or towns that hold a  
298.26 local board of review must be sent to the county board no later than December 31 of the  
298.27 assessment year.

298.28       (b) The board shall determine whether the taxable property in the town or city has been  
298.29 properly placed on the list and properly valued by the assessor. If real or personal property  
298.30 has been omitted, the board shall place it on the list with its market value, and correct the  
298.31 assessment so that each tract or lot of real property, and each article, parcel, or class of  
298.32 personal property, is entered on the assessment list at its market value. No assessment of  
298.33 the property of any person may be raised unless the person has been duly notified of the  
298.34 intent of the board to do so. On application of any person feeling aggrieved, the board shall

299.1 review the assessment or classification, or both, and correct it as appears just. The board  
299.2 may not make an individual market value adjustment or classification change that would  
299.3 benefit the property if the owner or other person having control over the property has refused  
299.4 the assessor access to inspect the property and the interior of any buildings or structures as  
299.5 provided in section 273.20. A board member shall not participate in any actions of the board  
299.6 which result in market value adjustments or classification changes to property owned by  
299.7 the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild,  
299.8 brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a  
299.9 board member has a financial interest. The relationship may be by blood or marriage.

299.10 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
299.11 reductions must not reduce the aggregate assessment made by the county assessor by more  
299.12 than one percent. If the total reductions would lower the aggregate assessments made by  
299.13 the county assessor by more than one percent, none of the adjustments may be made. The  
299.14 assessor shall correct any clerical errors or double assessments discovered by the board  
299.15 without regard to the one percent limitation.

299.16 (d) A local board does not have authority to grant an exemption or to order property  
299.17 removed from the tax rolls.

299.18 (e) A majority of the members may act at the meeting, and adjourn from day to day until  
299.19 they finish hearing the cases presented. The assessor shall attend and take part in the  
299.20 proceedings, but must not vote. The county assessor, or an assistant delegated by the county  
299.21 assessor shall attend the meetings. The board shall list separately all omitted property added  
299.22 to the list by the board and all items of property increased or decreased, with the market  
299.23 value of each item of property, added or changed by the board. The county assessor shall  
299.24 enter all changes made by the board.

299.25 (f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel,  
299.26 or by written communication before the board after being duly notified of the board's intent  
299.27 to raise the assessment of the property, or if a person feeling aggrieved by an assessment  
299.28 or classification fails to apply for a review of the assessment or classification, the person  
299.29 may not appear before the county board of appeal and equalization for a review. This  
299.30 paragraph does not apply if an assessment was made after the local board meeting, as  
299.31 provided in section 273.01, or if the person can establish not having received notice of  
299.32 market value at least five days before the local board meeting.

299.33 (g) The local board must complete its work and adjourn within 20 days from the time  
299.34 of convening stated in the notice of the clerk, unless a longer period is approved by the

300.1 commissioner of revenue. No action taken after that date is valid. All complaints about an  
300.2 assessment or classification made after the meeting of the board must be heard and  
300.3 determined by the county board of equalization. A nonresident may, at any time, before the  
300.4 meeting of the board file written objections to an assessment or classification with the county  
300.5 assessor. The objections must be presented to the board at its meeting by the county assessor  
300.6 for its consideration.

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

300.8 Sec. 26. Minnesota Statutes 2016, section 274.13, subdivision 1, is amended to read:

300.9 **Subdivision 1. Members; meetings; rules for equalizing assessments.** The county  
300.10 commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be  
300.11 present, the deputy county auditor, or, if there is no deputy, the court administrator of the  
300.12 district court, shall form a board for the equalization of the assessment of the property of  
300.13 the county, including the property of all cities whose charters provide for a board of  
300.14 equalization. This board shall be referred to as the county board of appeal and equalization.  
300.15 The board shall meet annually, on the date specified in section 274.14, at the office of the  
300.16 auditor. Each member shall take an oath to fairly and impartially perform duties as a member.  
300.17 Members shall not participate in any actions of the board which result in market value  
300.18 adjustments or classification changes to property owned by the board member, the spouse,  
300.19 parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt,  
300.20 nephew, or niece of a board member, or property in which a board member has a financial  
300.21 interest. The relationship may be by blood or marriage. The board shall examine and compare  
300.22 the returns of the assessment of property of the towns or districts, and equalize them so that  
300.23 each tract or lot of real property and each article or class of personal property is entered on  
300.24 the assessment list at its market value, subject to the following rules:

300.25 (1) The board shall raise the valuation of each tract or lot of real property which in its  
300.26 opinion is returned below its market value to the sum believed to be its market value. The  
300.27 board must first give notice of intention to raise the valuation to the person in whose name  
300.28 it is assessed, if the person is a resident of the county. The notice must fix a time and place  
300.29 for a hearing.

300.30 (2) The board shall reduce the valuation of each tract or lot which in its opinion is returned  
300.31 above its market value to the sum believed to be its market value.

300.32 (3) The board shall raise the valuation of each class of personal property which in its  
300.33 opinion is returned below its market value to the sum believed to be its market value. It  
300.34 shall raise the aggregate value of the personal property of individuals, firms, or corporations,

301.1 when it believes that the aggregate valuation, as returned, is less than the market value of  
301.2 the taxable personal property possessed by the individuals, firms, or corporations, to the  
301.3 sum it believes to be the market value. The board must first give notice to the persons of  
301.4 intention to do so. The notice must set a time and place for a hearing.

301.5 (4) The board shall reduce the valuation of each class of personal property that is returned  
301.6 above its market value to the sum it believes to be its market value. Upon complaint of a  
301.7 party aggrieved, the board shall reduce the aggregate valuation of the individual's personal  
301.8 property, or of any class of personal property for which the individual is assessed, which  
301.9 in its opinion has been assessed at too large a sum, to the sum it believes was the market  
301.10 value of the individual's personal property of that class.

301.11 (5) The board must not reduce the aggregate value of all the property of its county, as  
301.12 submitted to the county board of equalization, with the additions made by the auditor under  
301.13 this chapter, by more than one percent of its whole valuation. The board may raise the  
301.14 aggregate valuation of real property, and of each class of personal property, of the county,  
301.15 or of any town or district of the county, when it believes it is below the market value of the  
301.16 property, or class of property, to the aggregate amount it believes to be its market value.

301.17 (6) The board shall change the classification of any property which in its opinion is not  
301.18 properly classified.

301.19 (7) The board does not have the authority to grant an exemption or to order property  
301.20 removed from the tax rolls.

301.21 (8) The board may not make an individual market value adjustment or classification  
301.22 change that would benefit property if the owner or other person having control over the  
301.23 property has refused the assessor access to inspect the property and the interior of any  
301.24 buildings or structures as provided in section 273.20.

301.25 **EFFECTIVE DATE.** This section is effective for county board of appeal and  
301.26 equalization meetings in 2018 and thereafter.

301.27 Sec. 27. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

301.28 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,  
301.29 on or before September 30, each county and each home rule charter or statutory city shall  
301.30 certify to the county auditor the proposed property tax levy for taxes payable in the following  
301.31 year.

301.32 (b) Notwithstanding any law or charter to the contrary, on or before September 15, each  
301.33 town and each special taxing district shall adopt and certify to the county auditor a proposed

302.1 property tax levy for taxes payable in the following year. For towns, the final certified levy  
302.2 shall also be considered the proposed levy.

302.3 (c) On or before September 30, each school district that has not mutually agreed with  
302.4 its home county to extend this date shall certify to the county auditor the proposed property  
302.5 tax levy for taxes payable in the following year. Each school district that has agreed with  
302.6 its home county to delay the certification of its proposed property tax levy must certify its  
302.7 proposed property tax levy for the following year no later than October 7. The school district  
302.8 shall certify the proposed levy as:

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

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

302.14 (d) If the board of estimate and taxation or any similar board that establishes maximum  
302.15 tax levies for taxing jurisdictions within a first class city certifies the maximum property  
302.16 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified  
302.17 in paragraph (a), the city shall be deemed to have certified its levies for those taxing  
302.18 jurisdictions.

302.19 (e) For purposes of this section, "special taxing district" means a special taxing district  
302.20 as defined in section 275.066. Intermediate school districts that levy a tax under chapter  
302.21 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and  
302.22 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special  
302.23 taxing districts for purposes of this section.

302.24 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
302.25 tax levy under this subdivision, the taxing authority shall announce the time and place of  
302.26 ~~its any~~ subsequent regularly scheduled meetings at which the budget and levy will be  
302.27 discussed and at which the public will be allowed to speak. The time and place of those  
302.28 meetings must be included in the proceedings or summary of proceedings published in the  
302.29 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

302.31 Sec. 28. Minnesota Statutes 2016, section 275.62, subdivision 2, is amended to read:

302.32 Subd. 2. **Local governments required to report.** For purposes of this section, "local  
302.33 governmental unit" means a county, home rule charter or statutory city with a population

303.1 greater than 2,500, a town with a population greater than 5,000, or a home rule charter or  
303.2 statutory city or town that receives a distribution from the taconite municipal aid account  
303.3 in the levy year.

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

303.5 Sec. 29. Minnesota Statutes 2016, section 278.01, subdivision 1, is amended to read:

303.6 **Subdivision 1. Determination of validity.** (a) Any person having personal property, or  
303.7 any estate, right, title, or interest in or lien upon any parcel of land, who claims that such  
303.8 property has been partially, unfairly, or unequally assessed in comparison with other property  
303.9 in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class,  
303.10 the portion of the county excluding the first class city, or that the parcel has been assessed  
303.11 at a valuation greater than its real or actual value, or that the tax levied against the same is  
303.12 illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so  
303.13 levied, may have the validity of the claim, defense, or objection determined by the district  
303.14 court of the county in which the tax is levied or by the Tax Court by serving one copy of a  
303.15 petition for such determination upon the county auditor, one copy on the county attorney,  
303.16 one copy on the county treasurer, and three copies on the county assessor. The county  
303.17 assessor shall immediately forward one copy of the petition to the appropriate governmental  
303.18 authority in a home rule charter or statutory city or town in which the property is located if  
303.19 that city or town employs its own certified assessor. A copy of the petition shall also be  
303.20 forwarded by the assessor to the school board of the school district in which the property  
303.21 is located.

303.22 (b) In counties where the office of county treasurer has been combined with the office  
303.23 of county auditor, the county may elect to require the petitioner to serve the number of  
303.24 copies as determined by the county. The county assessor shall immediately forward one  
303.25 copy of the petition to the appropriate governmental authority in a home rule charter or  
303.26 statutory city or town in which the property is located if that city or town employs its own  
303.27 certified assessor. A list of petitioned properties, including the name of the petitioner, the  
303.28 identification number of the property, and the estimated market value, shall be sent on or  
303.29 before the first day of July by the county auditor/treasurer to the school board of the school  
303.30 district in which the property is located.

303.31 (c) For all counties, the petitioner must file the copies with proof of service, in the office  
303.32 of the court administrator of the district court on or before April 30 of the year in which the  
303.33 tax becomes payable. A petition for determination under this section may be transferred by  
303.34 the district court to the Tax Court. An appeal may also be taken to the Tax Court under

304.1 chapter 271 at any time following receipt of the valuation notice that county assessors or  
304.2 city assessors having the powers of a county assessor are required by section 273.121 to  
304.3 send to persons whose property is to be included on the assessment roll that year, but prior  
304.4 to May 1 of the year in which the taxes are payable.

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

304.6 Sec. 30. Minnesota Statutes 2016, section 282.01, subdivision 1a, is amended to read:

304.7 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency  
304.8 or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be  
304.9 withheld from sale or lease to others for a maximum of six months. The request must be  
304.10 submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel  
304.11 from sale or lease to any other party for six months, and must confirm the starting date of  
304.12 the six-month withholding period to the requesting agency or subdivision. If the request is  
304.13 from a governmental subdivision of the state, the governmental subdivision must pay the  
304.14 maintenance costs incurred by the county during the period the parcel is withheld. The  
304.15 county board may approve a sale or conveyance to the requesting party during the  
304.16 withholding period. A conveyance of the property to the requesting party terminates the  
304.17 withholding period.

304.18 A governmental subdivision of the state must not make, and a county auditor must not  
304.19 act upon, a second request to withhold a parcel from sale or lease within 18 months of a  
304.20 previous request for that parcel. A county may reject a request made under this paragraph  
304.21 if the request is made more than 30 days after the county has given notice to the requesting  
304.22 state agency or governmental subdivision of the state that the county intends to sell or  
304.23 otherwise dispose of the property.

304.24 (b) Nonconservation tax-forfeited lands may be sold by the county board, for their market  
304.25 value as determined by the county board, to an organized or incorporated governmental  
304.26 subdivision of the state for any public purpose for which the subdivision is authorized to  
304.27 acquire property. When the term "market value" is used in this section, it means an estimate  
304.28 of the full and actual market value of the parcel as determined by the county board, but in  
304.29 making this determination, the board and the persons employed by or under contract with  
304.30 the board in order to perform, conduct, or assist in the determination, are exempt from the  
304.31 licensure requirements of chapter 82B.

304.32 (c) Nonconservation tax-forfeited lands may be released from the trust in favor of the  
304.33 ~~taxing districts on application to sold by the county board by, for their market value as~~  
304.34 ~~determined by the county board, to a state agency for an authorized use at not less than their~~

305.1 ~~market value as determined by the county board~~ any public purpose for which the agency  
305.2 is authorized to acquire property.

305.3 (d) Nonconservation tax-forfeited lands may be sold by the county board to an organized  
305.4 or incorporated governmental subdivision of the state or state agency for less than their  
305.5 market value if:

305.6 (1) the county board determines that a sale at a reduced price is in the public interest  
305.7 because a reduced price is necessary to provide an incentive to correct the blighted conditions  
305.8 that make the lands undesirable in the open market, or the reduced price will lead to the  
305.9 development of affordable housing; and

305.10 (2) the governmental subdivision or state agency has documented its specific plans for  
305.11 correcting the blighted conditions or developing affordable housing, and the specific law  
305.12 or laws that empower it to acquire real property in furtherance of the plans.

305.13 If the sale under this paragraph is to a governmental subdivision of the state, the  
305.14 commissioner of revenue must convey the property on behalf of the state by quitclaim deed.

305.15 If the sale under this paragraph is to a state agency, the property is released from the trust  
305.16 in favor of the taxing districts and the commissioner of revenue must issue a conveyance  
305.17 document that releases the property from the trust in favor of the taxing districts convey the  
305.18 property on behalf of the state by quitclaim deed to the agency.

305.19 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may  
305.20 be conveyed by the commissioner of revenue in the name of the state to a governmental  
305.21 subdivision for an authorized public use, if an application is submitted to the commissioner  
305.22 which includes a statement of facts as to the use to be made of the tract and the favorable  
305.23 recommendation of the county board. For the purposes of this paragraph, "authorized public  
305.24 use" means a use that allows an indefinite segment of the public to physically use and enjoy  
305.25 the property in numbers appropriate to its size and use, or is for a public service facility.  
305.26 Authorized public uses as defined in this paragraph are limited to:

305.27 (1) a road, or right-of-way for a road;

305.28 (2) a park that is both available to, and accessible by, the public that contains  
305.29 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

305.30 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along  
305.31 with a reasonable amount of surrounding land maintained in its natural state;

306.1        (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including  
306.2 transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other  
306.3 facilities related to a public transit system;

306.4        (5) public beaches or boat launches;

306.5        (6) public parking;

306.6        (7) civic recreation or conference facilities; and

306.7        (8) public service facilities such as fire halls, police stations, lift stations, water towers,  
306.8 sanitation facilities, water treatment facilities, and administrative offices.

306.9        No monetary compensation or consideration is required for the conveyance, except as  
306.10 provided in subdivision 1g, but the conveyance is subject to the conditions provided in law,  
306.11 including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

306.12        (f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
306.13 land to a local governmental subdivision of the state by quitclaim deed on behalf of the state  
306.14 upon the favorable recommendation of the county board if the governmental subdivision  
306.15 has certified to the board that prior to forfeiture the subdivision was entitled to the parcel  
306.16 under a written development agreement or instrument, but the conveyance failed to occur  
306.17 prior to forfeiture. No compensation or consideration is required for, and no conditions  
306.18 attach to, the conveyance.

306.19        (g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
306.20 land to the association of a common interest community by quitclaim deed upon the favorable  
306.21 recommendation of the county board if the association certifies to the board that prior to  
306.22 forfeiture the association was entitled to the parcel under a written agreement, but the  
306.23 conveyance failed to occur prior to forfeiture. No compensation or consideration is required  
306.24 for, and no conditions attach to, the conveyance.

306.25        (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the  
306.26 state for less than its market value for either: (1) creation or preservation of wetlands; (2)  
306.27 drainage or storage of storm water under a storm water management plan; or (3) preservation,  
306.28 or restoration and preservation, of the land in its natural state. The deed must contain a  
306.29 restrictive covenant limiting the use of the land to one of these purposes for 30 years or  
306.30 until the property is reconveyed back to the state in trust. At any time, the governmental  
306.31 subdivision may reconvey the property to the state in trust for the taxing districts. The deed  
306.32 of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase  
306.33 price determined under this paragraph shall be refunded upon a reconveyance, but the

307.1 amount paid for a conveyance under this paragraph may be taken into account by the county  
307.2 board when setting the terms of a future sale of the same property to the same governmental  
307.3 subdivision under paragraph (b) or (d). If the lands are unplatte and located outside of an  
307.4 incorporated municipality and the commissioner of natural resources determines there is a  
307.5 mineral use potential, the sale is subject to the approval of the commissioner of natural  
307.6 resources.

307.7 (i) A park and recreation board in a city of the first class is a governmental subdivision  
307.8 for the purposes of this section.

307.9 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by  
307.10 the commissioner of revenue in the name of the state to a governmental subdivision for a  
307.11 school forest under section 89.41. An application that includes a statement of facts as to the  
307.12 use to be made of the tract and the favorable recommendation of the county board and the  
307.13 commissioner of natural resources must be submitted to the commissioner of revenue. No  
307.14 monetary compensation or consideration is required for the conveyance, but the conveyance  
307.15 is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph  
307.16 (e). At any time, the governmental subdivision may reconvey the property back to the state  
307.17 in trust for the taxing districts. The deed of reconveyance is subject to approval by the  
307.18 commissioner of revenue.

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

307.20 Sec. 31. Minnesota Statutes 2016, section 282.01, subdivision 1d, is amended to read:

307.21 **Subd. 1d. Reverter for failure to use; conveyance to state.** (a) After three years from  
307.22 the date of any conveyance of tax-forfeited land to a governmental subdivision for an  
307.23 authorized public use as provided in this section, regardless of when the deed for the  
307.24 authorized public use was executed, if the governmental subdivision has failed to put the  
307.25 land to that use, or abandons that use, the governing body of the subdivision must: (1) with  
307.26 the approval of the county board, purchase the property for an authorized public purpose  
307.27 at the present market value as determined by the county board, or (2) authorize the proper  
307.28 officers to convey the land, or the part of the land not required for an authorized public use,  
307.29 to the state of Minnesota in trust for the taxing districts. If the governing body purchases  
307.30 the property under clause (1), the commissioner of revenue shall, upon proper application  
307.31 submitted by the county auditor and upon the reconveyance of the land subject to the  
307.32 conditional use deed to the state, convey the property on behalf of the state by quitclaim  
307.33 deed to the subdivision free of a use restriction and the possibility of reversion or  
307.34 defeasement. If the governing body decides to reconvey the property to the state under this

308.1 clause, the officers shall execute a deed of conveyance immediately. The conveyance is  
308.2 subject to the approval of the commissioner and its form must be approved by the attorney  
308.3 general. For 15 years from the date of the conveyance, there is no failure to put the land to  
308.4 the authorized public use and no abandonment of that use if a formal plan of the governmental  
308.5 subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an  
308.6 intended future use of the land for the authorized public use.

308.7 (b) Property held by a governmental subdivision of the state under a conditional use  
308.8 deed executed under this section by the commissioner of revenue on or after January 1,  
308.9 2007, may be acquired by that governmental subdivision after 15 years from the date of the  
308.10 conveyance if the commissioner determines upon written application from the subdivision  
308.11 that the subdivision has in fact put the property to the authorized public use for which it  
308.12 was conveyed, and the subdivision has made a finding that it has no current plans to change  
308.13 the use of the lands. Prior to conveying the property, the commissioner shall inquire whether  
308.14 the county board where the land is located objects to a conveyance of the property to the  
308.15 subdivision without conditions and without further act by or obligation of the subdivision.  
308.16 If the county does not object within 60 days, and the commissioner makes a favorable  
308.17 determination, the commissioner shall issue a quitclaim deed on behalf of the state  
308.18 unconditionally conveying the property to the governmental subdivision. For purposes of  
308.19 this paragraph, demonstration of an intended future use for the authorized public use in a  
308.20 formal plan of the governmental subdivision does not constitute use for that authorized  
308.21 public use.

308.22 (c) Property held by a governmental subdivision of the state under a conditional use  
308.23 deed executed under this section by the commissioner of revenue before January 1, 2007,  
308.24 is released from the use restriction and possibility of reversion on January 1, 2022, if the  
308.25 county board records a resolution describing the land and citing this paragraph. The county  
308.26 board may authorize the county treasurer to deduct the amount of the recording fees from  
308.27 future settlements of property taxes to the subdivision.

308.28 (d) Except for tax-forfeited land conveyed to establish a school forest under section  
308.29 89.41, property conveyed under a conditional use deed executed under this section by the  
308.30 commissioner of revenue, regardless of when the deed for the authorized public use was  
308.31 executed, is released from the use restriction and reverter, and any use restriction or reverter  
308.32 for which no declaration of reversion has been recorded with the county recorder or registrar  
308.33 of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from  
308.34 the date the deed was acknowledged; or (3) final resolution of an appeal to district court

309.1 under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the  
309.2 county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

309.3 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a  
309.4 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.  
309.5 The property reverts to the state in trust for the taxing districts by operation of law if the  
309.6 commissioner of natural resources determines and reports to the commissioner of revenue  
309.7 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the  
309.8 land for school forest purposes for three consecutive years. The commissioner of revenue  
309.9 shall record a declaration of reversion for land that has reverted under this paragraph.

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

309.11 Sec. 32. Minnesota Statutes 2016, section 477A.013, is amended by adding a subdivision  
309.12 to read:

309.13 Subd. 14. **Communication by electronic mail.** Prior to receiving aid pursuant to this  
309.14 section, a city must register an official electronic mail address with the commissioner, which  
309.15 the commissioner may use as an exclusive means to communicate with the city.

309.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

309.17 Sec. 33. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision  
309.18 to read:

309.19 Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural  
309.20 resources shall certify to the commissioner of revenue the number of watercraft launches  
309.21 and the number of watercraft trailer parking spaces in each county.

309.22 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

309.23 Sec. 34. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision  
309.24 to read:

309.25 Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural  
309.26 resources shall certify to the commissioner of revenue the counties that complied with the  
309.27 requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

309.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

310.1 Sec. 35. Minnesota Statutes 2016, section 559.202, subdivision 2, is amended to read:

310.2 Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if  
310.3 the purchaser is represented throughout the transaction by either:

310.4 (1) a person licensed to practice law in this state; or

310.5 (2) a person licensed as a real estate broker or salesperson under chapter 82, provided  
310.6 that the representation does not create a dual agency, as that term is defined in section 82.55,  
310.7 subdivision 6.

310.8 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land occurring  
310.9 the day following final enactment and thereafter.

310.10 Sec. 36. Laws 2014, chapter 308, article 9, section 94, is amended to read:

310.11 **Sec. 94. REPEALER.**

310.12 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision  
310.13 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,  
310.14 part 8007.0200, are repealed.

310.15 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision  
310.16 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and  
310.17 82; ~~272.027, subdivision 2;~~ 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075;  
310.18 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision  
310.19 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27,  
310.20 subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71,  
310.21 subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10,  
310.22 subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i;  
310.23 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes  
310.24 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and  
310.25 Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are  
310.26 repealed.

310.27 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

310.28 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38;  
310.29 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339;  
310.30 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement,  
310.31 section 469.340, subdivision 4, are repealed.

310.32 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

311.1        **EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014, and  
311.2        pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027,  
311.3        subdivision 2, is revived and reenacted as of that date.

311.4        **Sec. 37. REPEALER.**

311.5        (a) Minnesota Statutes 2016, section 281.22, is repealed.

311.6        (b) Minnesota Rules, part 8100.0700, is repealed.

311.7        **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

311.8        Paragraph (b) is effective for assessment year 2017 and thereafter.

311.9        **ARTICLE 14**

311.10        **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL  
311.11        PROVISIONS; MISCELLANEOUS**

311.12        Section 1. Minnesota Statutes 2016, section 270.82, subdivision 1, is amended to read:

311.13        Subdivision 1. **Annual report required.** Every railroad company doing business in  
311.14        Minnesota shall annually file with the commissioner on or before March 31 a report under  
311.15        oath setting forth the information prescribed by the commissioner to enable the commissioner  
311.16        to make the valuation and equalization required by sections 270.80 to 270.87. The  
311.17        commissioner shall prescribe the content, format, and manner of the report pursuant to  
311.18        section 270C.30, except that a "law administered by the commissioner" includes the property  
311.19        tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant  
311.20        to section 270C.304, except that a "law administered by the commissioner" includes the  
311.21        property tax laws.

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

311.23        Sec. 2. Minnesota Statutes 2016, section 270A.03, subdivision 5, is amended to read:

311.24        Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and  
311.25        certain amount of money, which equals or exceeds \$25 and which is due and payable to a  
311.26        claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125,  
311.27        fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and  
311.28        restitution. A debt may arise under a contractual or statutory obligation, a court order, or  
311.29        other legal obligation, but need not have been reduced to judgment.

311.30        A debt includes any legal obligation of a current recipient of assistance which is based  
311.31        on overpayment of an assistance grant where that payment is based on a client waiver or

312.1 an administrative or judicial finding of an intentional program violation; or where the debt  
312.2 is owed to a program wherein the debtor is not a client at the time notification is provided  
312.3 to initiate recovery under this chapter and the debtor is not a current recipient of food support,  
312.4 transitional child care, or transitional medical assistance.

312.5 (b) A debt does not include any legal obligation to pay a claimant agency for medical  
312.6 care, including hospitalization if the income of the debtor at the time when the medical care  
312.7 was rendered does not exceed the following amount:

- 312.8 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;
- 312.9 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;
- 312.10 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;
- 312.11 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;
- 312.12 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and
- 312.13 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

312.14 For purposes of this paragraph, "debtor" means the individual whose income, together  
312.15 with the income of the individual's spouse, other than a separated spouse, brings the  
312.16 individual within the income provisions of this paragraph. For purposes of this paragraph,  
312.17 a spouse, other than a separated spouse, shall be considered a dependent.

312.18 (c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage  
312.19 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except  
312.20 that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for the word "1992."  
312.21 For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12  
312.22 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31, ~~2000~~ 2015,  
312.23 and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2014, to the  
312.24 12 months ending on August 31 of the year preceding the taxable year. The determination  
312.25 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
312.26 not be subject to the Administrative Procedure Act contained in chapter 14. The income  
312.27 amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5,  
312.28 the amount is rounded up to the nearest \$10 amount.

312.29 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the  
312.30 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

312.31 **EFFECTIVE DATE.** The section is effective retroactively for debts incurred after  
312.32 December 31, 2014.

313.1 Sec. 3. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

313.2 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of  
313.3 the commissioner of human services, the commissioner shall disclose return information  
313.4 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the  
313.5 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

313.6 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,  
313.7 employment, income, and property of a person owing or alleged to be owing an obligation  
313.8 of child support.

313.9 (c) The commissioner of human services may request data only for the purposes of  
313.10 carrying out the child support enforcement program and to assist in the location of parents  
313.11 who have, or appear to have, deserted their children. Data received may be used only as set  
313.12 forth in section 256.978.

313.13 (d) The commissioner shall provide the records and information necessary to administer  
313.14 the supplemental housing allowance to the commissioner of human services.

313.15 (e) At the request of the commissioner of human services, the commissioner of revenue  
313.16 shall electronically match the Social Security numbers and names of participants in the  
313.17 telephone assistance plan operated under sections 237.69 to 237.71, with those of property  
313.18 tax refund filers, and determine whether each participant's household income is within the  
313.19 eligibility standards for the telephone assistance plan.

313.20 (f) The commissioner may provide records and information collected under sections  
313.21 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid  
313.22 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law  
313.23 102-234. Upon the written agreement by the United States Department of Health and Human  
313.24 Services to maintain the confidentiality of the data, the commissioner may provide records  
313.25 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and  
313.26 Medicaid Services section of the United States Department of Health and Human Services  
313.27 for purposes of meeting federal reporting requirements.

313.28 (g) The commissioner may provide records and information to the commissioner of  
313.29 human services as necessary to administer the early refund of refundable tax credits.

313.30 (h) The commissioner may disclose information to the commissioner of human services  
313.31 as necessary to verify income for income verification for eligibility and premium payment  
313.32 under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the  
313.33 medical assistance program under chapter 256B.

314.1       (i) The commissioner may disclose information to the commissioner of human services  
314.2       necessary to verify whether applicants or recipients for the Minnesota family investment  
314.3       program, general assistance, food support, Minnesota supplemental aid program, and child  
314.4       care assistance have claimed refundable tax credits under chapter 290 and the property tax  
314.5       refund under chapter 290A, and the amounts of the credits.

314.6       (j) The commissioner may disclose information to the commissioner of human services  
314.7       necessary to verify income for purposes of calculating parental contribution amounts under  
314.8       section 252.27, subdivision 2a.

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

314.10      Sec. 4. Minnesota Statutes 2016, section 270C.30, is amended to read:

314.11      **270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

314.12       Except as otherwise provided by law, the commissioner shall prescribe the content and,  
314.13       format, and manner of all returns and other forms required to be filed under a law  
314.14       administered by the commissioner, and may furnish them subject to charge on application.

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

314.16      Sec. 5. Minnesota Statutes 2016, section 270C.33, subdivision 5, is amended to read:

314.17       **Subd. 5. Prohibition against collection during appeal period of an order.** No collection  
314.18       action can be taken on an order of assessment, or any other order imposing a liability,  
314.19       including the filing of liens under section 270C.63, and no late payment penalties may be  
314.20       imposed when a return has been filed for the tax type and period upon which the order is  
314.21       based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days  
314.22       after the ~~order has been mailed to the taxpayer~~ notice date designated by the commissioner  
314.23       on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after  
314.24       the notice date designated by the commissioner on the written determination of the  
314.25       administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the  
314.26       decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal  
314.27       is based upon a constitutional challenge to the tax, 60 days after final determination of the  
314.28       appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36,  
314.29       or a jeopardy collection under section 270C.36.

314.30       **EFFECTIVE DATE.** This section is effective for orders dated after December 31,

314.31       2017.

315.1 Sec. 6. Minnesota Statutes 2016, section 270C.33, subdivision 8, is amended to read:

315.2 Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner, sent  
315.3 postage prepaid by United States mail to the taxpayer at the taxpayer's last known address,  
315.4 or sent by electronic mail to the taxpayer's last known electronic mailing address as provided  
315.5 for in section 325L.08, is sufficient even if the taxpayer is deceased or is under a legal  
315.6 disability, or, in the case of a corporation, has terminated its existence, unless the  
315.7 commissioner has been provided with a new address by a party authorized to receive notices  
315.8 of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date  
315.9 designated by the commissioner on the assessment.

315.10 **EFFECTIVE DATE.** This section is effective for assessments dated after December

315.11 31, 2017.

315.12 Sec. 7. Minnesota Statutes 2016, section 270C.34, subdivision 2, is amended to read:

315.13 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or  
315.14 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax  
315.15 charge, must be filed with the commissioner within 60 days of the notice date of the noticee  
315.16 ~~was mailed to the taxpayer's last known address, stating that a penalty has been imposed or~~  
315.17 ~~additional tax charge. For purposes of this section, "notice date" means the notice date~~  
315.18 ~~designated by the commissioner on the order or other notice that a penalty or additional tax~~  
315.19 ~~charge has been imposed.~~

315.20 (b) If the commissioner issues an order denying a request for abatement of penalty,  
315.21 interest, or additional tax charge, the taxpayer may file an administrative appeal as provided  
315.22 in section 270C.35 or appeal to Tax Court as provided in section 271.06.

315.23 (c) If the commissioner does not issue an order on the abatement request within 60 days  
315.24 from the date the request is received, the taxpayer may appeal to Tax Court as provided in  
315.25 section 271.06.

315.26 **EFFECTIVE DATE.** This section is effective for orders and notices dated after

315.27 December 31, 2017.

315.28 Sec. 8. Minnesota Statutes 2016, section 270C.35, subdivision 3, is amended to read:

315.29 Subd. 3. **Notice date.** For purposes of this section, ~~the term~~ "notice date" means the  
315.30 notice date of designated by the commissioner on the order adjusting the tax or order denying  
315.31 a request for abatement, or, in the case of a denied refund, the notice date of designated by  
315.32 the commissioner on the notice of denial.

316.1        **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
316.2        December 31, 2017.

316.3        Sec. 9. Minnesota Statutes 2016, section 270C.35, is amended by adding a subdivision to  
316.4        read:

316.5        Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative  
316.6        appeal for an order of the commissioner and also files an appeal to the Tax Court for that  
316.7        same order of the commissioner, the administrative appeal is dismissed and the commissioner  
316.8        is no longer required to make a determination of appeal under subdivision 6.

316.9        **EFFECTIVE DATE.** This section is effective for all administrative appeals filed after  
316.10        June 30, 2017.

316.11        Sec. 10. Minnesota Statutes 2016, section 270C.38, subdivision 1, is amended to read:

316.12        Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
316.13        determination or action of the commissioner is otherwise specifically provided for by law,  
316.14        notice of the determination or action sent postage prepaid by United States mail to the  
316.15        taxpayer or other person affected by the determination or action at the taxpayer's or person's  
316.16        last known address, is sufficient. If the taxpayer or person being notified is deceased or is  
316.17        under a legal disability, or, in the case of a corporation being notified that has terminated  
316.18        its existence, notice to the last known address of the taxpayer, person, or corporation is  
316.19        sufficient, unless the department has been provided with a new address by a party authorized  
316.20        to receive notices from the commissioner.

316.21        (b) If a taxpayer or other person agrees to accept notification by electronic means, notice  
316.22        of a determination or action of the commissioner sent by electronic mail to the taxpayer's  
316.23        or person's last known electronic mailing address as provided for in section 325L.08 is  
316.24        sufficient.

316.25        (c) Notice of a determination or action of the commissioner is sufficient if it is sent on  
316.26        or before the notice date designated by the commissioner on the notice.

316.27        **EFFECTIVE DATE.** This section is effective for notices dated after December 31,  
316.28        2017.

317.1 Sec. 11. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision  
317.2 to read:

317.3 **Subd. 9. Enforcement; limitations.** (a) Notwithstanding any other law, the imposition  
317.4 of a penalty or any other action against a tax preparer authorized by subdivision 6 with  
317.5 respect to a return may be taken by the commissioner within the period provided by section  
317.6 289A.38 to assess tax on that return.

317.7 (b) Imposition of a penalty or other action against a tax preparer authorized by subdivision  
317.8 6 other than with respect to a return must be taken by the commissioner within five years  
317.9 of the violation of statute.

317.10 **EFFECTIVE DATE.** This section is effective for tax preparation services provided  
317.11 after the day following final enactment.

317.12 Sec. 12. Minnesota Statutes 2016, section 270C.72, subdivision 4, is amended to read:

317.13 **Subd. 4. Licensing authority; duties.** All licensing authorities must require the applicant  
317.14 to provide the applicant's Social Security number or individual taxpayer identification  
317.15 number and Minnesota business identification number, as applicable, on all license  
317.16 applications. Upon request of the commissioner, the licensing authority must provide the  
317.17 commissioner with a list of all applicants, including the name, address, business name and  
317.18 address, and Social Security number, or individual taxpayer identification number and  
317.19 business identification number, as applicable, of each applicant. The commissioner may  
317.20 request from a licensing authority a list of the applicants no more than once each calendar  
317.21 year.

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

317.23 Sec. 13. Minnesota Statutes 2016, section 271.06, subdivision 2, is amended to read:

317.24 **Subd. 2. Time; notice; intervention.** Except as otherwise provided by law, within 60  
317.25 days after the notice of the making and filing date of an order of the commissioner of revenue,  
317.26 the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner  
317.27 and file the original, with proof of such service, with the Tax Court administrator or with  
317.28 the court administrator of district court acting as court administrator of the Tax Court;  
317.29 provided, that the Tax Court, for cause shown, may by written order extend the time for  
317.30 appealing for an additional period not exceeding 30 days. For purposes of this section,  
317.31 "notice date" means the notice date designated by the commissioner on the order. The notice  
317.32 of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt,

318.1 the commissioner shall transmit a copy of the notice of appeal to the attorney general. The  
318.2 attorney general shall represent the commissioner, if requested, upon all such appeals except  
318.3 in cases where the attorney general has appealed in behalf of the state, or in other cases  
318.4 where the attorney general deems it against the interests of the state to represent the  
318.5 commissioner, in which event the attorney general may intervene or be substituted as an  
318.6 appellant in behalf of the state at any stage of the proceedings.

318.7 Upon a final determination of any other matter over which the court is granted jurisdiction  
318.8 under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a  
318.9 petition or notice of appeal as provided by law with the court administrator of district court,  
318.10 acting in the capacity of court administrator of the Tax Court, with proof of service of the  
318.11 petition or notice of appeal as required by law and within the time required by law. As used  
318.12 in this subdivision, "final determination" includes a notice of assessment and equalization  
318.13 for the year in question received from the local assessor, an order of the local board of  
318.14 equalization, or an order of a county board of equalization.

318.15 The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed  
318.16 with the district court administrator acting as court administrator of the Tax Court is  
318.17 forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning  
318.18 property valuation for which the assessor, a local board of equalization, a county board of  
318.19 equalization or the commissioner of revenue has issued an order, the officer issuing the  
318.20 order shall be notified of the filing of the appeal. The notice of appeal or petition shall be  
318.21 in the form prescribed by the Tax Court.

318.22 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
318.23 2017.

318.24 Sec. 14. Minnesota Statutes 2016, section 271.06, subdivision 7, is amended to read:

318.25 **Subd. 7. Rules.** Except as provided in section 278.05, subdivision 6, the Rules of  
318.26 Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures  
318.27 in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the  
318.28 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court  
318.29 may adopt rules under chapter 14.

318.30 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
318.31 2017.

319.1 Sec. 15. Minnesota Statutes 2016, section 272.02, subdivision 10, is amended to read:

319.2 **Subd. 10. Personal property used for pollution control.** Personal property used  
319.3 primarily for the abatement and control of air, water, or land pollution is exempt to the  
319.4 extent that it is so used, and real property is exempt if it is used primarily for abatement and  
319.5 control of air, water, or land pollution as part of an agricultural operation, as a part of a  
319.6 centralized treatment and recovery facility operating under a permit issued by the Minnesota  
319.7 Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts  
319.8 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility  
319.9 and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges,  
319.10 or inorganic materials from hazardous industrial wastes, or as part of an electric generation  
319.11 system. For purposes of this subdivision, personal property includes ponderous machinery  
319.12 and equipment used in a business or production activity that at common law is considered  
319.13 real property.

319.14 Any taxpayer requesting exemption of all or a portion of any real property or any  
319.15 equipment or device, or part thereof, operated primarily for the control or abatement of air,  
319.16 water, or land pollution shall file an application with the commissioner of revenue. The  
319.17 commissioner shall develop an electronic means to notify interested parties when electric  
319.18 power generation facilities have filed an application. The commissioner shall prescribe the  
319.19 content, format, and manner of the application pursuant to section 270C.30, except that a  
319.20 "law administered by the commissioner" includes the property tax laws, and if an application  
319.21 is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304,  
319.22 except that a "law administered by the commissioner" includes the property tax laws. The  
319.23 Minnesota Pollution Control Agency shall upon request of the commissioner furnish  
319.24 information and advice to the commissioner.

319.25 The information and advice furnished by the Minnesota Pollution Control Agency must  
319.26 include statements as to whether the equipment, device, or real property meets a standard,  
319.27 rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and  
319.28 whether the equipment, device, or real property is installed or operated in accordance with  
319.29 it. On determining that property qualifies for exemption, the commissioner shall issue an  
319.30 order exempting the property from taxation. The commissioner shall develop an electronic  
319.31 means to notify interested parties when the commissioner has issued an order exempting  
319.32 property from taxation under this subdivision. The equipment, device, or real property shall  
319.33 continue to be exempt from taxation as long as the order issued by the commissioner remains  
319.34 in effect.

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

320.1 Sec. 16. Minnesota Statutes 2016, section 272.0211, subdivision 1, is amended to read:

320.2 Subdivision 1. **Efficiency determination and certification.** An owner or operator of a  
320.3 new or existing electric power generation facility, excluding wind energy conversion systems,  
320.4 may apply to the commissioner of revenue for a market value exclusion on the property as  
320.5 provided for in this section. This exclusion shall apply only to the market value of the  
320.6 equipment of the facility, and shall not apply to the structures and the land upon which the  
320.7 facility is located. The commissioner of revenue shall prescribe the formscontent, format,  
320.8 manner, and procedures for this application pursuant to section 270C.30, except that a "law  
320.9 administered by the commissioner" includes the property tax laws. If an application is made  
320.10 by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except  
320.11 that a "law administered by the commissioner" includes the property tax laws. Upon receiving  
320.12 the application, the commissioner of revenue shall: (1) request the commissioner of commerce  
320.13 to make a determination of the efficiency of the applicant's electric power generation facility;  
320.14 and (2) shall develop an electronic means to notify interested parties when electric power  
320.15 generation facilities have filed an application. The commissioner of commerce shall calculate  
320.16 efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage,  
320.17 based on the performance of the facility's equipment during normal full load operation. The  
320.18 commissioner must include in this formula the energy used in any on-site preparation of  
320.19 materials necessary to convert the materials into the fuel used to generate electricity, such  
320.20 as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value  
320.21 (HHV) for all substances in the commissioner's efficiency calculations, except for wood  
320.22 for fuel in a biomass-eligible project under section 216B.2424; for these instances, the  
320.23 commissioner shall adjust the heating value to allow for energy consumed for evaporation  
320.24 of the moisture in the wood. The applicant shall provide the commissioner of commerce  
320.25 with whatever information the commissioner deems necessary to make the determination.  
320.26 Within 30 days of the receipt of the necessary information, the commissioner of commerce  
320.27 shall certify the findings of the efficiency determination to the commissioner of revenue  
320.28 and to the applicant. The commissioner of commerce shall determine the efficiency of the  
320.29 facility and certify the findings of that determination to the commissioner of revenue every  
320.30 two years thereafter from the date of the original certification.

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

320.32 Sec. 17. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

320.33 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
320.34 the state of Minnesota or any political subdivision thereof, and property exempt from taxation

321.1 under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times  
321.2 provided in subdivision 3, a taxpayer claiming an exemption from taxation on property  
321.3 described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with  
321.4 the assessor of the assessment district in which the property is located.

321.5 (b) A taxpayer claiming an exemption from taxation on property described in section  
321.6 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,  
321.7 on or before February 15 of each year for which the taxpayer claims an exemption.

321.8 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
321.9 commissioner may extend the time for filing the statement of exemption for a period not to  
321.10 exceed 60 days.

321.11 (d) The commissioner of revenue shall prescribe the ~~form and contents~~ content, format,  
321.12 and manner of the statement of exemption pursuant to section 270C.30, except that a "law  
321.13 administered by the commissioner" includes the property tax laws.

321.14 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant  
321.15 to section 270C.304, except that a "law administered by the commissioner" includes the  
321.16 property tax laws.

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

321.18 Sec. 18. Minnesota Statutes 2016, section 272.029, subdivision 4, is amended to read:

321.19 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under  
321.20 subdivision 3 shall file a report with the commissioner of revenue annually on or before  
321.21 ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that was produced  
321.22 by the wind energy conversion system for the previous calendar year. The commissioner  
321.23 shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section  
321.24 270C.30, except that a "law administered by the commissioner" includes the property tax  
321.25 laws. The report must contain the information required by the commissioner to determine  
321.26 the tax due to each county under this section for the current year. If an owner of a wind  
321.27 energy conversion system subject to taxation under this section fails to file the report by  
321.28 the due date, the commissioner of revenue shall determine the tax based upon the nameplate  
321.29 capacity of the system multiplied by a capacity factor of 60 percent.

321.30 (b) If a report is made by electronic means, the taxpayer's signature is defined pursuant  
321.31 to section 270C.304, except that a "law administered by the commissioner" includes the  
321.32 property tax laws.

322.1        ~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner  
322.2 of the wind energy conversion systems of the tax due to each county for the current year  
322.3 and shall certify to the county auditor of each county in which the systems are located the  
322.4 tax due from each owner for the current year.

322.5        **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
322.6 that the amendment in paragraph (a) moving the date to file the report is effective for reports  
322.7 filed in 2018 and thereafter.

322.8        Sec. 19. Minnesota Statutes 2016, section 272.0295, subdivision 4, is amended to read:

322.9        **Subd. 4. Reports.** An owner of a solar energy generating system subject to tax under  
322.10 this section shall file a report with the commissioner of revenue annually on or before  
322.11 January 15 detailing the amount of electricity in megawatt-hours that was produced by the  
322.12 system in the previous calendar year. The commissioner shall prescribe the ~~form~~ content,  
322.13 format, and manner of the report pursuant to section 270C.30. The report must contain the  
322.14 information required by the commissioner to determine the tax due to each county under  
322.15 this section for the current year. If an owner of a solar energy generating system subject to  
322.16 taxation under this section fails to file the report by the due date, the commissioner of  
322.17 revenue shall determine the tax based upon the nameplate capacity of the system multiplied  
322.18 by a capacity factor of 30 percent.

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

322.20        Sec. 20. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

322.21        **Subd. 2. Form; information required.** The certificate of value shall require such facts  
322.22 and information as may be determined by the commissioner to be reasonably necessary in  
322.23 the administration of the state education aid formulas. The ~~form~~ commissioner shall prescribe  
322.24 the content, format, and manner of the certificate of value shall be prescribed by the  
322.25 Department of Revenue which shall provide an adequate supply of forms to each county  
322.26 auditor pursuant to section 270C.30, except that a "law administered by the commissioner"  
322.27 includes the property tax laws.

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

322.29        Sec. 21. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

322.30        **Subd. 13. Homestead application.** (a) A person who meets the homestead requirements  
322.31 under subdivision 1 must file a homestead application with the county assessor to initially  
322.32 obtain homestead classification.

323.1        (b) ~~The format and contents of a uniform homestead application shall be prescribed by~~  
323.2 ~~the commissioner of revenue. The commissioner shall prescribe the content, format, and~~  
323.3 ~~manner of the homestead application required to be filed under this chapter pursuant to~~  
323.4 ~~section 270C.30.~~ The application must clearly inform the taxpayer that this application must  
323.5 be signed by all owners who occupy the property or by the qualifying relative and returned  
323.6 to the county assessor in order for the property to receive homestead treatment.

323.7        (c) Every property owner applying for homestead classification must furnish to the  
323.8 county assessor the Social Security number of each occupant who is listed as an owner of  
323.9 the property on the deed of record, the name and address of each owner who does not occupy  
323.10 the property, and the name and Social Security number of each owner's spouse who occupies  
323.11 the property. The application must be signed by each owner who occupies the property and  
323.12 by each owner's spouse who occupies the property, or, in the case of property that qualifies  
323.13 as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

323.14        If a property owner occupies a homestead, the property owner's spouse may not claim  
323.15 another property as a homestead unless the property owner and the property owner's spouse  
323.16 file with the assessor an affidavit or other proof required by the assessor stating that the  
323.17 property qualifies as a homestead under subdivision 1, paragraph (e).

323.18        Owners or spouses occupying residences owned by their spouses and previously occupied  
323.19 with the other spouse, either of whom fail to include the other spouse's name and Social  
323.20 Security number on the homestead application or provide the affidavits or other proof  
323.21 requested, will be deemed to have elected to receive only partial homestead treatment of  
323.22 their residence. The remainder of the residence will be classified as nonhomestead residential.  
323.23 When an owner or spouse's name and Social Security number appear on homestead  
323.24 applications for two separate residences and only one application is signed, the owner or  
323.25 spouse will be deemed to have elected to homestead the residence for which the application  
323.26 was signed.

323.27        (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
323.28 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
323.29 the property to receive homestead status, a homestead application must be filed with the  
323.30 assessor. The Social Security number of each relative and spouse of a relative occupying  
323.31 the property shall be required on the homestead application filed under this subdivision. If  
323.32 a different relative of the owner subsequently occupies the property, the owner of the property  
323.33 must notify the assessor within 30 days of the change in occupancy. The Social Security  
323.34 number of a relative or relative's spouse occupying the property is private data on individuals  
323.35 as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of

324.1 revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover  
324.2 personal property taxes owing, to the county treasurer.

324.3 (e) The homestead application shall also notify the property owners that if the property  
324.4 is granted homestead status for any assessment year, that same property shall remain  
324.5 classified as homestead until the property is sold or transferred to another person, or the  
324.6 owners, the spouse of the owner, or the relatives no longer use the property as their  
324.7 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
324.8 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
324.9 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
324.10 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
324.11 shall result in the penalty provided under this subdivision and the property will lose its  
324.12 current homestead status.

324.13 (f) If a homestead application has not been filed with the county by December 15, the  
324.14 assessor shall classify the property as nonhomestead for the current assessment year for  
324.15 taxes payable in the following year, provided that the owner may be entitled to receive the  
324.16 homestead classification by proper application under section 375.192.

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

324.18 Sec. 22. Minnesota Statutes 2016, section 273.371, is amended to read:

324.19 **273.371 REPORTS OF UTILITY COMPANIES.**

324.20 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,  
324.21 ~~and transportation company~~, and pipeline company doing business in Minnesota shall  
324.22 annually file with the commissioner on or before March 31 a report under oath setting forth  
324.23 the information prescribed by the commissioner to enable the commissioner to make  
324.24 valuations, recommended valuations, and equalization required under sections 273.33,  
324.25 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format,  
324.26 and manner of the report pursuant to section 270C.30, except that a "law administered by  
324.27 the commissioner" includes the property tax laws. If all the required information is not  
324.28 available on March 31, the company or pipeline shall file the information that is available  
324.29 on or before March 31, and the balance of the information as soon as it becomes available.  
324.30 If a report is made by electronic means, the taxpayer's signature is defined pursuant to section  
324.31 270C.304, except that a "law administered by the commissioner" includes the property tax  
324.32 laws.

325.1      **Subd. 2. Extension.** The commissioner for good cause may extend the time for filing  
325.2      the report required by subdivision 1. The extension ~~may~~must not exceed 15 days.

325.3      **Subd. 3. Reports filed by the commissioner.** If a company fails to file a report required  
325.4      by subdivision 1, the commissioner may, from information in the commissioner's possession  
325.5      or obtainable by the commissioner, make and file a report for the company or make the  
325.6      valuations, recommended valuations, and equalizations required under sections 273.33,  
325.7      273.35 to 273.37, and 273.3711.

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

325.9      Sec. 23. Minnesota Statutes 2016, section 287.2205, is amended to read:

325.10      **287.2205 TAX-FORFEITED LAND.**

325.11      Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by  
325.12      the purchaser of tax-forfeited land whether the purchase is the result of a public auction or  
325.13      private sale or a repurchase of tax-forfeited land. State agencies and local units of government  
325.14      that acquire tax-forfeited land by purchase or any other means are subject to this section.  
325.15      The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision  
325.16      for an authorized public use under section 282.01, subdivision 1a, for a school forest under  
325.17      section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01,  
325.18      subdivision 1b.

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

325.20      Sec. 24. Minnesota Statutes 2016, section 289A.08, is amended by adding a subdivision  
325.21      to read:

325.22      **Subd. 17. Format.** The commissioner shall prescribe the content, format, and manner  
325.23      of the returns and other documents pursuant to section 270C.30. This does not authorize  
325.24      the commissioner to require individual income taxpayers to file individual income tax returns  
325.25      electronically.

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

325.27      Sec. 25. Minnesota Statutes 2016, section 289A.09, subdivision 1, is amended to read:

325.28      Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax  
325.29      under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax  
325.30      under section 290.923, subdivision 2, must file a return with the commissioner for each  
325.31      quarterly period unless otherwise prescribed by the commissioner.

326.1 (b) A person or corporation required to make deposits under section 290.9201, subdivision  
326.2 8, must file an entertainer withholding tax return with the commissioner.

326.3 (c) A person required to withhold an amount under section 290.9705, subdivision 1,  
326.4 must file a return.

326.5 (d) A partnership required to deduct and withhold tax under section 290.92, subdivision  
326.6 4b, must file a return.

326.7 (e) An S corporation required to deduct and withhold tax under section 290.92,  
326.8 subdivision 4c, must also file a return.

326.9 (f) ~~Returns must be filed in the form and manner, and contain the information prescribed~~  
326.10 ~~by the commissioner. The commissioner shall prescribe the content, format, and manner~~  
326.11 ~~of the returns pursuant to section 270C.30.~~ Every return for taxes withheld must be signed  
326.12 by the employer, entertainment entity, contract payor, partnership, or S corporation, or a  
326.13 designee.

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

326.15 Sec. 26. Minnesota Statutes 2016, section 289A.11, subdivision 1, is amended to read:

326.16 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision  
326.17 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return  
326.18 is due, a return for the preceding reporting period must be filed with the commissioner ~~in~~  
326.19 ~~the form and manner the commissioner prescribes. The commissioner shall prescribe the~~  
326.20 ~~content, format, and manner of the returns pursuant to section 270C.30.~~ A person making  
326.21 sales at retail at two or more places of business may file a consolidated return subject to  
326.22 rules prescribed by the commissioner. In computing the dollar amount of items on the return,  
326.23 the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50  
326.24 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

326.25 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax  
326.26 permit under chapter 297A and who makes annual purchases, for use in a trade or business,  
326.27 of less than \$18,500, or a person who is not required to hold a sales tax permit and who  
326.28 makes purchases for personal use, that are subject to the use tax imposed by section 297A.63,  
326.29 may file an annual use tax return ~~on a form prescribed by the commissioner. The~~  
326.30 ~~commissioner shall prescribe the content, format, and manner of the return pursuant to~~  
326.31 ~~section 270C.30.~~ If a person who qualifies for an annual use tax reporting period is required  
326.32 to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in  
326.33 excess of \$18,500 during the calendar year, the reporting period must be considered ended

327.1 at the end of the month in which the permit is applied for or the purchase in excess of  
327.2 \$18,500 is made and a return must be filed for the preceding reporting period.

327.3 (c) Notwithstanding paragraph paragraphs (a) and (b), a person prohibited by the person's  
327.4 religious beliefs from using electronics shall be allowed to file by mail, without any additional  
327.5 fees. The filer must notify the commissioner of revenue of the intent to file by mail on a  
327.6 form prescribed by the commissioner. A return filed under this paragraph must be postmarked  
327.7 no later than the day the return is due in order to be considered filed on a timely basis.

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

327.9 Sec. 27. Minnesota Statutes 2016, section 289A.18, subdivision 1, is amended to read:

327.10 **Subdivision 1. Individual income, fiduciary income, corporate franchise, and**  
327.11 **entertainment taxes; partnership and S corporation returns; information returns;**  
327.12 **mining company returns.** The returns required to be made under sections 289A.08 and  
327.13 289A.12 must be filed at the following times:

327.14 (1) returns made on the basis of the calendar year must be filed on April 15 following  
327.15 the close of the calendar year, except that returns of corporations and partnerships must be  
327.16 filed on the due date for filing the federal income tax return;

327.17 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth  
327.18 month following the close of the fiscal year, except that returns of corporations and  
327.19 partnerships must be filed on the due date for filing the federal income tax return;

327.20 (3) returns for a fractional part of a year must be filed on the due date for filing the  
327.21 federal income tax return;

327.22 (4) in the case of a final return of a decedent for a fractional part of a year, the return  
327.23 must be filed on the 15th day of the fourth month following the close of the 12-month period  
327.24 that began with the first day of that fractional part of a year;

327.25 (5) in the case of the return of a cooperative association, returns must be filed on or  
327.26 before the 15th day of the ninth month following the close of the taxable year;

327.27 (6) if a corporation has been divested from a unitary group and files a return for a  
327.28 fractional part of a year in which it was a member of a unitary business that files a combined  
327.29 report under section 290.17, subdivision 4, the divested corporation's return must be filed  
327.30 on the 15th day of the third month following the close of the common accounting period  
327.31 that includes the fractional year;

328.1 (7) returns of entertainment entities must be filed on April 15 following the close of the  
328.2 calendar year;

328.3 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed on  
328.4 the 15th day of the fifth month following the close of the taxable year;

328.5 (9) returns of mining companies must be filed on May 1 following the close of the  
328.6 calendar year; and

328.7 (10) returns required to be filed with the commissioner under section 289A.12,  
328.8 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the  
328.9 commissioner.

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

328.11 Sec. 28. Minnesota Statutes 2016, section 289A.37, subdivision 2, is amended to read:

328.12 **Subd. 2. Erroneous refunds.** ~~An erroneous refund is considered an underpayment of~~  
328.13 ~~tax on the date made. An assessment of a deficiency arising out of an erroneous refund may~~  
328.14 ~~be made at any time within two years from the making of the refund. If part of the refund~~  
328.15 ~~was induced by fraud or misrepresentation of a material fact, the assessment may be made~~  
328.16 ~~at any time.~~ (a) Except as provided in paragraph (b), an erroneous refund occurs when the  
328.17 commissioner issues a payment to a person that exceeds the amount the person is entitled  
328.18 to receive under law. An erroneous refund is considered an underpayment of tax on the date  
328.19 issued.

328.20 (b) To the extent that the amount paid does not exceed the amount claimed by the  
328.21 taxpayer, an erroneous refund does not include the following:

328.22 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
328.23 taxpayer, including but not limited to refunds of claims made under section 290.06,  
328.24 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
328.25 290.0681; or 290.0692; or chapter 290A; or

328.26 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
328.27 taxpayer.

328.28 (c) The commissioner may make an assessment to recover an erroneous refund at any  
328.29 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
328.30 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
328.31 be made at any time.

329.1        (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
329.2        conducted under section 289A.38.

329.3        **EFFECTIVE DATE.** This section is effective July 1, 2017.

329.4        Sec. 29. Minnesota Statutes 2016, section 289A.50, subdivision 7, is amended to read:

329.5        **Subd. 7. Remedies.** (a) If the taxpayer is notified by the commissioner that the refund  
329.6        claim is denied in whole or in part, the taxpayer may:

329.7        (1) file an administrative appeal as provided in section 270C.35, or an appeal with the  
329.8        Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's notice of  
329.9        denial; or

329.10        (2) file an action in the district court to recover the refund.

329.11        (b) An action in the district court on a denied claim for refund must be brought within  
329.12        18 months of the notice date of the denial of the claim by the commissioner. For the purposes  
329.13        of this section, "notice date" has the meaning given in section 270C.35, subdivision 3.

329.14        (c) No action in the district court or the Tax Court shall be brought within six months  
329.15        of the filing of the refund claim unless the commissioner denies the claim within that period.

329.16        (d) If a taxpayer files a claim for refund and the commissioner has not issued a denial  
329.17        of the claim, the taxpayer may bring an action in the district court or the Tax Court at any  
329.18        time after the expiration of six months from the time the claim was filed.

329.19        (e) The commissioner and the taxpayer may agree to extend the period for bringing an  
329.20        action in the district court.

329.21        (f) An action for refund of tax by the taxpayer must be brought in the district court of  
329.22        the district in which lies the county of the taxpayer's residence or principal place of business.  
329.23        In the case of an estate or trust, the action must be brought at the principal place of its  
329.24        administration. Any action may be brought in the district court for Ramsey County.

329.25        **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
329.26        December 31, 2017.

329.27        Sec. 30. **[290B.11] FORMS.**

329.28        The commissioner shall prescribe the content, format, and manner of all forms and other  
329.29        documents required to be filed under this chapter pursuant to section 270C.30.

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

330.1 **Sec. 31. [293.15] FORMS.**

330.2 The commissioner shall prescribe the content, format, and manner of all forms and other  
330.3 documents required to be filed under this chapter pursuant to section 270C.30.

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

330.5 Sec. 32. Minnesota Statutes 2016, section 295.55, subdivision 6, is amended to read:

330.6 **Subd. 6. Form of returns.** The estimated payments and annual return must contain the  
330.7 information and be in the form prescribed by the commissioner. The commissioner shall  
330.8 prescribe the content, format, and manner of the estimated payment forms and annual return  
330.9 pursuant to section 270C.30.

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

330.11 Sec. 33. Minnesota Statutes 2016, section 296A.02, is amended by adding a subdivision  
330.12 to read:

330.13 **Subd. 5. Forms.** The commissioner shall prescribe the content, format, and manner of  
330.14 all forms and other documents required to be filed under this chapter pursuant to section  
330.15 270C.30.

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

330.17 Sec. 34. Minnesota Statutes 2016, section 296A.22, subdivision 9, is amended to read:

330.18 **Subd. 9. Abatement of penalty.** (a) The commissioner may by written order abate any  
330.19 penalty imposed under this section, if in the commissioner's opinion there is reasonable  
330.20 cause to do so.

330.21 (b) A request for abatement of penalty must be filed with the commissioner within 60  
330.22 days of the notice date of the notice stating that a penalty has been imposed was mailed to  
330.23 the taxpayer's last known address. For purposes of this section, "notice date" means the  
330.24 notice date designated by the commissioner on the order or other notice that a penalty has  
330.25 been imposed.

330.26 (c) If the commissioner issues an order denying a request for abatement of penalty, the  
330.27 taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax  
330.28 Court as provided in section 271.06. If the commissioner does not issue an order on the  
330.29 abatement request within 60 days from the date the request is received, the taxpayer may  
330.30 appeal to Tax Court as provided in section 271.06.

331.1      **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
331.2      December 31, 2017.

331.3      Sec. 35. Minnesota Statutes 2016, section 296A.26, is amended to read:

331.4      **296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

331.5      In lieu of an administrative appeal under section 270C.35, any person aggrieved by an  
331.6      order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
331.7      60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
331.8      provided under section 271.06. For purposes of this section, "notice date" means the notice  
331.9      date designated by the commissioner on the order fixing a tax, penalty, or interest.

331.10     **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
331.11     2017.

331.12     Sec. 36. Minnesota Statutes 2016, section 297D.02, is amended to read:

331.13     **297D.02 ADMINISTRATION.**

331.14     The commissioner of revenue shall administer this chapter. The commissioner shall  
331.15     prescribe the content, format, and manner of all forms and other documents required to be  
331.16     filed under this chapter pursuant to section 270C.30. Payments required by this chapter  
331.17     must be made to the commissioner on the form provided by the commissioner. Tax obligors  
331.18     are not required to give their name, address, Social Security number, or other identifying  
331.19     information on the form. The commissioner shall collect all taxes under this chapter.

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

331.21     Sec. 37. Minnesota Statutes 2016, section 297E.02, subdivision 3, is amended to read:

331.22     **Subd. 3. Collection; disposition.** (a) Taxes imposed by this section are due and payable  
331.23     to the commissioner when the gambling tax return is required to be filed. Distributors must  
331.24     file their monthly sales figures with the commissioner on a form prescribed by the  
331.25     commissioner. Returns covering the taxes imposed under this section must be filed with  
331.26     the commissioner on or before the 20th day of the month following the close of the previous  
331.27     calendar month. The commissioner may require that the returns be filed via magnetic media  
331.28     or electronic data transfer. The commissioner shall prescribe the content, format, and manner  
331.29     of returns or other documents pursuant to section 270C.30. The proceeds, along with the  
331.30     revenue received from all license fees and other fees under sections 349.11 to 349.191,

332.1 349.211, and 349.213, must be paid to the commissioner of management and budget for  
332.2 deposit in the general fund.

332.3 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the  
332.4 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by  
332.5 the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
332.6 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

332.7 (c) One-half of one percent of the revenue deposited in the general fund under paragraph  
332.8 (a), is appropriated to the commissioner of human services for the compulsive gambling  
332.9 treatment program established under section 245.98. One-half of one percent of the revenue  
332.10 deposited in the general fund under paragraph (a), is appropriated to the commissioner of  
332.11 human services for a grant to the state affiliate recognized by the National Council on  
332.12 Problem Gambling to increase public awareness of problem gambling, education and training  
332.13 for individuals and organizations providing effective treatment services to problem gamblers  
332.14 and their families, and research relating to problem gambling. Money appropriated by this  
332.15 paragraph must supplement and must not replace existing state funding for these programs.

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

332.17 Sec. 38. Minnesota Statutes 2016, section 297E.04, subdivision 1, is amended to read:

332.18 **Subdivision 1. Reports of sales.** A manufacturer who sells gambling product for use or  
332.19 resale in this state, or for receipt by a person or entity in this state, shall file with the  
332.20 commissioner, on a form prescribed by the commissioner, a report of gambling product  
332.21 sold to any person in the state, including the established governing body of an Indian tribe  
332.22 recognized by the United States Department of the Interior. The report must be filed monthly  
332.23 on or before the 20th day of the month succeeding the month in which the sale was made.  
332.24 ~~The commissioner may require that the report be submitted via magnetic media or electronic~~  
332.25 ~~data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns  
332.26 ~~or other documents pursuant to section 270C.30.~~ The commissioner may inspect the premises,  
332.27 books, records, and inventory of a manufacturer without notice during the normal business  
332.28 hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

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

332.30 Sec. 39. Minnesota Statutes 2016, section 297E.05, subdivision 4, is amended to read:

332.31 **Subd. 4. Reports.** A distributor shall report monthly to the commissioner, on a form the  
332.32 commissioner prescribes, its sales of each type of gambling product. This report must be

333.1 filed monthly on or before the 20th day of the month succeeding the month in which the  
333.2 sale was made. ~~The commissioner may require that a distributor submit the monthly report~~  
333.3 ~~and invoices required in this subdivision via magnetic media or electronic data transfer.~~  
333.4 The commissioner shall prescribe the content, format, and manner of returns or other  
333.5 documents pursuant to section 270C.30.

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

333.7 Sec. 40. Minnesota Statutes 2016, section 297E.06, subdivision 1, is amended to read:

333.8 **Subdivision 1. Reports.** An organization must file with the commissioner, on a form  
333.9 prescribed by the commissioner, a report showing all gambling activity conducted by that  
333.10 organization for each month. Gambling activity includes all gross receipts, prizes, all  
333.11 gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful  
333.12 purpose and board-approved expenditures. The report must be filed with the commissioner  
333.13 on or before the 20th day of the month following the month in which the gambling activity  
333.14 takes place. ~~The commissioner may require that the reports be filed via magnetic media or~~  
333.15 ~~electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner  
333.16 of returns or other documents pursuant to section 270C.30.

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

333.18 Sec. 41. Minnesota Statutes 2016, section 297F.09, subdivision 1, is amended to read:

333.19 **Subdivision 1. Monthly return; cigarette distributor.** On or before the 18th day of  
333.20 each calendar month, a distributor with a place of business in this state shall file a return  
333.21 with the commissioner showing the quantity of cigarettes manufactured or brought in from  
333.22 outside the state or purchased during the preceding calendar month and the quantity of  
333.23 cigarettes sold or otherwise disposed of in this state and outside this state during that month.  
333.24 A licensed distributor outside this state shall in like manner file a return showing the quantity  
333.25 of cigarettes shipped or transported into this state during the preceding calendar month.  
333.26 ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall  
333.27 prescribe the content, format, and manner of returns pursuant to section 270C.30, and the  
333.28 returns must contain any other information required by the commissioner. The return must  
333.29 be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors  
333.30 subject to the accelerated tax payment requirements in subdivision 10, the return for the  
333.31 May liability is due two business days before June 30th of the year and the return for the  
333.32 June liability is due on or before August 18th of the year.

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

334.1 Sec. 42. Minnesota Statutes 2016, section 297F.23, is amended to read:

334.2 **297F.23 JUDICIAL REVIEW.**

334.3 In lieu of an administrative appeal under section 270C.35, a person aggrieved by an  
334.4 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
334.5 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
334.6 provided under section 271.06. For purposes of this section, "notice date" means the notice  
334.7 date designated by the commissioner on the order fixing a tax, penalty, or interest.

334.8 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,

334.9 2017.

334.10 Sec. 43. Minnesota Statutes 2016, section 297G.09, subdivision 1, is amended to read:

334.11 **Subdivision 1. Monthly returns; manufacturers, wholesalers, brewers, or importers.**  
334.12 On or before the 18th day of each calendar month following the month in which a licensed  
334.13 manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer  
334.14 or importer first sells or imports fermented malt beverages, or a wholesaler knowingly  
334.15 acquires title to or possession of untaxed fermented malt beverages, the licensed  
334.16 manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return  
334.17 with the commissioner, and in addition must keep records and render reports as required  
334.18 by the commissioner. Returns must be made in a form and manner prescribed by the  
334.19 commissioner, and The commissioner shall prescribe the content, format, and manner of  
334.20 returns pursuant to section 270C.30. The returns must contain any other information required  
334.21 by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax  
334.22 liability. Returns must be filed regardless of whether a tax is due.

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

334.24 Sec. 44. Minnesota Statutes 2016, section 297G.22, is amended to read:

334.25 **297G.22 JUDICIAL REVIEW.**

334.26 In lieu of an administrative appeal under this chapter, a person aggrieved by an order of  
334.27 the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days  
334.28 from the date of the notice date of the order, appeal to the Tax Court in the manner provided  
334.29 under section 271.06. For purposes of this section, "notice date" means the notice date  
334.30 designated by the commissioner on the order fixing a tax, penalty, or interest.

334.31 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,

334.32 2017.

335.1 Sec. 45. Minnesota Statutes 2016, section 297I.30, is amended by adding a subdivision  
335.2 to read:

335.3 Subd. 11. Format. The commissioner shall prescribe the content, format, and manner  
335.4 of returns or other documents pursuant to section 270C.30.

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

335.6 Sec. 46. Minnesota Statutes 2016, section 297I.60, subdivision 2, is amended to read:

335.7 **Subd. 2. Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole  
335.8 or in part, the taxpayer may contest the denial by:

335.9 (1) filing an administrative appeal with the commissioner under section 270C.35;

335.10 (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice~~ of denial;

335.11 or

335.12 (3) filing an action in the district court to recover the refund.

335.13 (b) An action in the district court must be brought within 18 months following of the  
335.14 notice date of the ~~notice~~ of denial. For purposes of this section, "notice date" has the meaning  
335.15 given in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be  
335.16 brought in the district court of the district in which lies the taxpayer's principal place of  
335.17 business or in the District Court for Ramsey County. If a taxpayer files a claim for refund  
335.18 and the commissioner has not issued a denial of the claim, the taxpayer may bring an action  
335.19 in the district court or the Tax Court at any time after the expiration of six months from the  
335.20 time the claim was filed.

335.21 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
335.22 December 31, 2017.

335.23 Sec. 47. Minnesota Statutes 2016, section 469.319, subdivision 5, is amended to read:

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

335.31 (1) a natural disaster;

336.1 (2) unforeseen industry trends; or

336.2 (3) loss of a major supplier or customer.

336.3 (b)(1) The commissioner shall waive repayment required under subdivision 1a if the  
336.4 commissioner has waived repayment by the operating business under subdivision 1, unless  
336.5 the person that received benefits without having to operate a business in the zone was a  
336.6 contributing factor in the qualified business becoming subject to repayment under subdivision  
336.7 1;

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

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

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

336.15 (c) Requests for waiver must be made no later than 60 days after the earlier of the notice  
336.16 date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement  
336.17 issued under subdivision 4, paragraph (c). For purposes of this section, "notice date" means  
336.18 the notice date designated by the commissioner on the order.

336.19 **EFFECTIVE DATE.** This section is effective for orders of the commissioner of revenue  
336.20 dated after December 31, 2017.

336.21 Sec. 48. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

336.22 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
336.23 ~~September 30, 2015~~ December 31, 2017.

336.24 **EFFECTIVE DATE.** This section is effective retroactively from September 30, 2015.

## ARTICLE 15

336.26 **DEPARTMENT OF REVENUE 2015-2016 SUSTAINABLE FOREST INCENTIVE**  
336.27 **ACT PROVISIONS**

336.28 Section 1. Minnesota Statutes 2016, section 290C.03, is amended to read:

## **290C.03 ELIGIBILITY REQUIREMENTS.**

336.30 (a) Land may be enrolled in the sustainable forest incentive program under this chapter  
336.31 if all of the following conditions are met:

337.1       (1) the land consists of at least 20 contiguous acres and at least 50 percent of the land  
337.2       must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

337.3       (2) a forest management plan for the land must be (i) prepared by an approved plan  
337.4       writer and implemented during the period in which the land is enrolled, and (ii) registered  
337.5       with the Department of Natural Resources;

337.6       (3) timber harvesting and forest management guidelines must be used in conjunction  
337.7       with any timber harvesting or forest management activities conducted on the land during  
337.8       the period in which the land is enrolled;

337.9       (4) the land must be enrolled for a minimum of eight years;

337.10       (5) there are no delinquent property taxes on the land; and

337.11       (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program  
337.12       must allow year-round, nonmotorized access to fish and wildlife resources and motorized  
337.13       access on established and maintained roads and trails, unless the road or trail is temporarily  
337.14       closed for safety, natural resource, or road damage reasons on enrolled land except within  
337.15       one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined  
337.16       by the commissioner of natural resources; and

337.17       (7) the land is not classified as 2c managed forest land.

337.18       (b) Claimants required to allow access under paragraph (a), clause (6), do not by that  
337.19       action:

337.20       (1) extend any assurance that the land is safe for any purpose;

337.21       (2) confer upon the person the legal status of an invitee or licensee to whom a duty of  
337.22       care is owed; or

337.23       (3) assume responsibility for or incur liability for any injury to the person or property  
337.24       caused by an act or omission of the person.

337.25       (c) A minimum of three acres must be excluded from enrolled land when the land is  
337.26       improved with a structure that is not a minor, ancillary, or nonresidential structure. If land  
337.27       does not meet the definition of forest land in section 290C.02, subdivision 6, because the  
337.28       land is (1) enrolled in the reinvest in Minnesota program, (2) enrolled in a state or federal  
337.29       conservation reserve or easement program under sections 103F.501 to 103F.531, (3) subject  
337.30       to the Minnesota agricultural property tax under section 273.111, or (4) subject to agricultural  
337.31       land preservation controls or restrictions as defined in section 40A.02 or the Metropolitan

338.1 Agricultural Preserves Act under chapter 473H, the entire parcel that contains the land is  
338.2 not eligible to be enrolled in the program.

338.3 **EFFECTIVE DATE.** The amendment to paragraph (a), clause (2), is effective for  
338.4 certifications filed after July 1, 2018. The amendment adding paragraph (a), clause (7), is  
338.5 effective for certifications and applications due in 2017 and thereafter. The amendment  
338.6 adding paragraph (c) is effective the day following final enactment.

338.7 **Sec. 2. [290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.**

338.8 On request of the commissioner, the commissioner of natural resources must annually  
338.9 provide verification that the claimant has a current forest management plan on file with the  
338.10 Department of Natural Resources.

338.11 **EFFECTIVE DATE.** This section is effective for certifications filed after July 1, 2018.

338.12 **Sec. 3. REPEALER.**

338.13 Minnesota Statutes 2016, sections 290C.02, subdivisions 5 and 9; and 290C.06, are  
338.14 repealed.

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

338.16 **ARTICLE 16**

338.17 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME, CORPORATE**  
338.18 **FRANCHISE, AND ESTATE TAX TECHNICAL PROVISIONS**

338.19 Section 1. Minnesota Statutes 2016, section 290.0132, subdivision 21, is amended to read:

338.20 **Subd. 21. Military service pension; retirement pay.** To the extent included in federal  
338.21 taxable income, compensation received from a pension or other retirement pay from the  
338.22 federal government for service in the military, as computed under United States Code, title  
338.23 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction ~~must~~  
338.24 ~~not include any amount used to claim the credit allowed under section 290.0677 is limited~~  
338.25 ~~to individuals who do not claim the credit under section 290.0677.~~

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

338.28 Sec. 2. Minnesota Statutes 2016, section 290A.03, subdivision 3, is amended to read:

338.29 **Subd. 3. Income.** (a) "Income" means the sum of the following:

338.30 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

339.1        (2) the sum of the following amounts to the extent not included in clause (1):

339.2        (i) all nontaxable income;

339.3        (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
339.4        paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
339.5        carryover allowed under section 469(b) of the Internal Revenue Code;

339.6        (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
339.7        solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
339.8        Code;

339.9        (iv) cash public assistance and relief;

339.10       (v) any pension or annuity (including railroad retirement benefits, all payments received  
339.11       under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
339.12       which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
339.13       by the claimant or spouse and which funding payments were excluded from federal adjusted  
339.14       gross income in the years when the payments were made;

339.15       (vi) interest received from the federal or a state government or any instrumentality or  
339.16       political subdivision thereof;

339.17       (vii) workers' compensation;

339.18       (viii) nontaxable strike benefits;

339.19       (ix) the gross amounts of payments received in the nature of disability income or sick  
339.20       pay as a result of accident, sickness, or other disability, whether funded through insurance  
339.21       or otherwise;

339.22       (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
339.23       1986, as amended through December 31, 1995;

339.24       (xi) contributions made by the claimant to an individual retirement account, including  
339.25       a qualified voluntary employee contribution; simplified employee pension plan;  
339.26       self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
339.27       the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
339.28       Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
339.29       the claimant and spouse;

339.30       (xii) to the extent not included in federal adjusted gross income, distributions received  
339.31       by the claimant or spouse from a traditional or Roth style retirement account or plan;

339.32       (xiii) nontaxable scholarship or fellowship grants;

340.1 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

340.2 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue

340.3 Code;

340.4 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue

340.5 Code; and

340.6 (xvii) the amount deducted for certain expenses of elementary and secondary school

340.7 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

340.8 In the case of an individual who files an income tax return on a fiscal year basis, the

340.9 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in

340.10 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced

340.11 by the amount of a net operating loss carryback or carryforward or a capital loss carryback

340.12 or carryforward allowed for the year.

340.13 (b) "Income" does not include:

340.14 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

340.15 (2) amounts of any pension or annuity which was exclusively funded by the claimant

340.16 or spouse and which funding payments were not excluded from federal adjusted gross

340.17 income in the years when the payments were made;

340.18 (3) to the extent included in federal adjusted gross income, amounts contributed by the

340.19 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed

340.20 the retirement base amount reduced by the amount of contributions excluded from federal

340.21 adjusted gross income, but not less than zero;

340.22 (4) surplus food or other relief in kind supplied by a governmental agency;

340.23 (5) relief granted under this chapter;

340.24 (6) child support payments received under a temporary or final decree of dissolution or

340.25 legal separation; or

340.26 (7) restitution payments received by eligible individuals and excludable interest as

340.27 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,

340.28 Public Law 107-16.

340.29 (c) The sum of the following amounts may be subtracted from income:

340.30 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

340.31 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

341.1 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

341.2 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

341.3 (5) for the claimant's fifth dependent, the exemption amount; and

341.4 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or

341.5 before December 31 of the year for which the taxes were levied or rent paid, the exemption

341.6 amount.

341.7 (d) For purposes of this subdivision, the "exemption amount" means the exemption

341.8 amount under section 151(d) of the Internal Revenue Code for the taxable year for which

341.9 the income is reported; "retirement base amount" means the deductible amount for the

341.10 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue

341.11 Code, adjusted for inflation as provided in section 219(b)(5)(D)(C) of the Internal Revenue

341.12 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional

341.13 or Roth style retirement account or plan" means retirement plans under sections 401, 403,

341.14 408, 408A, and 457 of the Internal Revenue Code.

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

341.16 Sec. 3. Minnesota Statutes 2016, section 290A.10, is amended to read:

341.17 **290A.10 PROOF OF TAXES PAID.**

341.18 Every If requested by the commissioner of revenue, a claimant who files a claim for

341.19 relief for property taxes payable shall include with the claim provide a property tax statement

341.20 or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue

341.21 indicating that there are no delinquent property taxes on the homestead. Indication on the

341.22 property tax statement from the county treasurer that there are no delinquent taxes on the

341.23 homestead shall be sufficient proof. Taxes included in a confession of judgment under

341.24 section 277.23 or 279.37 shall not constitute delinquent taxes as long as the claimant is

341.25 current on the payments required to be made under section 277.23 or 279.37.

341.26 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after

341.27 December 31, 2015, and property taxes payable after December 31, 2016.

341.28 Sec. 4. Minnesota Statutes 2016, section 291.075, is amended to read:

341.29 **291.075 SPECIAL USE VALUATION OF QUALIFIED PROPERTY.**

341.30 If, after the final determination of the tax imposed by this chapter, the property valued

341.31 pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify

342.1 and an additional tax is imposed pursuant to section 2032A(c), any increase in ~~the credit~~  
342.2 ~~for state death taxes~~ federal gross or taxable estate shall be reported to the commissioner  
342.3 within 90 days ~~after final determination of the increased credit of the federal adjustment~~.  
342.4 Upon notification the commissioner may assess an additional tax in accordance with section  
342.5 291.03, subdivision 1.

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

342.7 **Sec. 5. REPEALER.**

342.8 Minnesota Statutes 2016, sections 290.9743; and 290.9744, are repealed.

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

342.10 **ARTICLE 17**

342.11 **DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT  
342.12 AID TECHNICAL PROVISIONS**

342.13 Section 1. Minnesota Statutes 2016, section 270.078, subdivision 1, is amended to read:

342.14 Subdivision 1. **Conformance to federal law.** If any provision of sections 270.071 to  
342.15 270.079 is contrary to any provision of any law of the United States of America, hereinafter  
342.16 enacted, providing for or relating to the ad valorem taxation by a state of aircraft or flying  
342.17 equipment of an airline company, such provision shall be of no effect and the commissioner  
342.18 is authorized and directed to prescribe by rule such provisions as may be necessary to make  
342.19 sections 270.071 to 270.079 conform to the federal act and to effectuate the purposes of  
342.20 sections 270.071 to 270.079, provided such rules do not prescribe a rate of taxation higher  
342.21 than that provided in section 270.075 or a net tax capacity based on a percentage higher  
342.22 than that provided in section 270.074, subdivision 23.

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

342.24 Sec. 2. Minnesota Statutes 2016, section 273.135, subdivision 1, is amended to read:

342.25 Subdivision 1. **Reduction in tax; tax relief area.** The property tax to be paid in respect  
342.26 to property taxable within a tax relief area as defined in section 273.134, paragraph (b), on  
342.27 homestead property, as otherwise determined by law and regardless of the market value of  
342.28 the property, and on nonhomestead portions of property classified as both homestead and  
342.29 nonhomestead property as provided in section 273.124, subdivision 11, for all purposes  
342.30 shall be reduced in the amount prescribed by subdivision 2, subject to the limitations  
342.31 contained therein.

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

343.2        Sec. 3. Minnesota Statutes 2016, section 414.09, subdivision 2, is amended to read:

343.3        Subd. 2. **Transmittal of order.** The chief administrative law judge shall see that copies  
343.4 of the order are mailed to all parties entitled to mailed notice of hearing under subdivision  
343.5 1, the secretary of state, ~~the Department of Revenue~~, the state demographer, individual  
343.6 property owners if initiated in that manner, affected county auditor, and any other party of  
343.7 record. The affected county auditor shall record the order against the affected property.

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

343.9        Sec. 4. Minnesota Statutes 2016, section 477A.0124, subdivision 2, is amended to read:

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

343.12        (b) "County program aid" means the sum of "county need aid," "county tax base  
343.13 equalization aid," and "county transition aid."

343.14        (c) "Age-adjusted population" means a county's population multiplied by the county age  
343.15 index.

343.16        (d) "County age index" means the percentage of the population ~~over~~ age 65 and over  
343.17 within the county divided by the percentage of the population ~~over~~ age 65 and over within  
343.18 the state, except that the age index for any county may not be greater than 1.8 nor less than  
343.19 0.8.

343.20        (e) "Population ~~over~~ age 65 and over" means the population ~~over~~ age 65 and over  
343.21 established as of July 15 in an aid calculation year by the most recent federal census, by a  
343.22 special census conducted under contract with the United States Bureau of the Census, by a  
343.23 population estimate made by the Metropolitan Council, or by a population estimate of the  
343.24 state demographer made pursuant to section 4A.02, whichever is the most recent as to the  
343.25 stated date of the count or estimate for the preceding calendar year and which has been  
343.26 certified to the commissioner of revenue on or before July 15 of the aid calculation year. A  
343.27 revision to an estimate or count is effective for these purposes only if certified to the  
343.28 commissioner on or before July 15 of the aid calculation year. Clerical errors in the  
343.29 certification or use of estimates and counts established as of July 15 in the aid calculation  
343.30 year are subject to correction within the time periods allowed under section 477A.014.

343.31        (f) "Part I crimes" means the three-year average annual number of Part I crimes reported  
343.32 for each county by the Department of Public Safety for the most recent years available. By

344.1 July 1 of each year, the commissioner of public safety shall certify to the commissioner of  
344.2 revenue the number of Part I crimes reported for each county for the three most recent  
344.3 calendar years available.

344.4 (g) "Households receiving food stamps" means the average monthly number of  
344.5 households receiving food stamps for the three most recent years for which data is available.  
344.6 By July 1 of each year, the commissioner of human services must certify to the commissioner  
344.7 of revenue the average monthly number of households in the state and in each county that  
344.8 receive food stamps, for the three most recent calendar years available.

344.9 (h) "County net tax capacity" means the county's adjusted net tax capacity under section  
344.10 273.1325.

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

344.12 Sec. 5. Minnesota Statutes 2016, section 477A.013, subdivision 1, is amended to read:

344.13 Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution  
344.14 under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town  
344.15 area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the  
344.16 following terms have the meanings given them:

344.17 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of  
344.18 agricultural property located in a town, ~~divided by~~ to the adjusted net tax capacity of all  
344.19 other property located in the town. The agricultural property factor cannot exceed eight;

344.20 (2) "agricultural property" means property classified under section 273.13, as homestead  
344.21 and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal  
344.22 recreational property;

344.23 (3) "town area factor" means the most recent estimate of total acreage, not to exceed  
344.24 50,000 acres, located in the township available as of July 1 in the aid calculation year,  
344.25 estimated or established by:

344.26 (i) the United States Bureau of the Census;

344.27 (ii) the State Land Management Information Center; or

344.28 (iii) the secretary of state; and

344.29 (4) "population factor" means the square root of the towns' population.

344.30 (b) If the sum of the aids payable to all towns under this subdivision exceeds the limit  
344.31 under section 477A.03, subdivision 2c, the distribution to each town must be reduced

345.1 proportionately so that the total amount of aids distributed under this section does not exceed  
345.2 the limit in section 477A.03, subdivision 2c.

345.3 (c) Data used in calculating aids to towns under this subdivision, other than acreage,  
345.4 shall be the most recently available data as of January 1 in the year in which the aid is  
345.5 calculated.

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

## 345.7 **ARTICLE 18**

### 345.8 **DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES** 345.9 **TECHNICAL PROVISIONS**

345.10 Section 1. Minnesota Statutes 2016, section 270C.171, subdivision 1, is amended to read:

345.11 Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group  
345.12 of units the authority to impose a local tax other than sales tax, including but not limited to  
345.13 taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the  
345.14 Department of Revenue either has agreed to or is required to administer the tax, such that  
345.15 the tax is reported and paid with the chapter 297A taxes, then ~~the local government unit or~~  
345.16 ~~group of units must adopt each definition term used in the special law is defined~~ as follows:

345.17 (1) ~~the definition must be identical to the definition found as defined~~ in chapter 297A  
345.18 or in Minnesota Rules, chapter 8130; or

345.19 (2) if the specific term is not defined either in chapter 297A or in Minnesota Rules,  
345.20 chapter 8130, then ~~the definition must be defined~~ consistent with the position of the  
345.21 Department of Revenue as to the extent of the tax base.

345.22 (b) This subdivision does not apply to terms that are defined by the authorizing special  
345.23 law.

345.24 (c) This subdivision applies notwithstanding whether a local government unit or group  
345.25 of units adopts consistent definitions into local law.

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

345.27 Sec. 2. Minnesota Statutes 2016, section 298.01, subdivision 3, is amended to read:

345.28 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining,  
345.29 refining, or producing ores, metals, or minerals in this state, except iron ore or taconite  
345.30 concentrates, shall pay an occupation tax to the state of Minnesota as provided in this  
345.31 subdivision. For purposes of this subdivision, mining includes the application of

346.1 hydrometallurgical processes. Hydrometallurgical processes are processes that extract the  
346.2 ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and recover  
346.3 the ore, metal, or mineral. The tax is determined in the same manner as the tax imposed by  
346.4 section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision  
346.5 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by  
346.6 applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax~~  
346.7 ~~under this section shall apportion its net income on the basis of the percentage obtained by~~  
346.8 ~~taking the sum of:~~

346.9 ~~(1) 75 percent of the percentage which the sales made within this state in connection~~  
346.10 ~~with the trade or business during the tax period are of the total sales wherever made in~~  
346.11 ~~connection with the trade or business during the tax period;~~

346.12 ~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer~~  
346.13 ~~in this state in connection with the trade or business during the tax period is of the total~~  
346.14 ~~tangible property, wherever located, used by the taxpayer in connection with the trade or~~  
346.15 ~~business during the tax period; and~~

346.16 ~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred~~  
346.17 ~~in this state or paid in respect to labor performed in this state in connection with the trade~~  
346.18 ~~or business during the tax period are of the taxpayer's total payrolls paid or incurred in~~  
346.19 ~~connection with the trade or business during the tax period.~~

346.20 The tax is in addition to all other taxes.

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

346.22 Sec. 3. Minnesota Statutes 2016, section 298.01, subdivision 4, is amended to read:

346.23 **Subd. 4. Occupation tax; iron ore; taconite concentrates.** A person engaged in the  
346.24 business of mining or producing of iron ore, taconite concentrates or direct reduced ore in  
346.25 this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the  
346.26 same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision  
346.27 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the  
346.28 occupation tax shall be computed by applying to taxable income the rate of 2.45 percent.  
346.29 ~~A person subject to occupation tax under this section shall apportion its net income on the~~  
346.30 ~~basis of the percentage obtained by taking the sum of:~~

346.31 ~~(1) 75 percent of the percentage which the sales made within this state in connection~~  
346.32 ~~with the trade or business during the tax period are of the total sales wherever made in~~  
346.33 ~~connection with the trade or business during the tax period;~~

347.1       (2) ~~12.5 percent of the percentage which the total tangible property used by the taxpayer~~  
347.2 ~~in this state in connection with the trade or business during the tax period is of the total~~  
347.3 ~~tangible property, wherever located, used by the taxpayer in connection with the trade or~~  
347.4 ~~business during the tax period; and~~

347.5       (3) ~~12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred~~  
347.6 ~~in this state or paid in respect to labor performed in this state in connection with the trade~~  
347.7 ~~or business during the tax period are of the taxpayer's total payrolls paid or incurred in~~  
347.8 ~~connection with the trade or business during the tax period.~~

347.9       The tax is in addition to all other taxes.

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

347.11       Sec. 4. Minnesota Statutes 2016, section 298.24, subdivision 1, is amended to read:

347.12       Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is  
347.13 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and  
347.14 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,  
347.15 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom. ~~The~~  
347.16 ~~tax is also imposed upon other iron-bearing material.~~

347.17       (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal  
347.18 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied  
347.19 by the percentage increase in the implicit price deflator from the fourth quarter of the second  
347.20 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means  
347.21 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic  
347.22 Analysis of the United States Department of Commerce.

347.23       (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron  
347.24 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,  
347.25 when dried at 212 degrees Fahrenheit.

347.26       (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
347.27 production for the current year and the previous two years. The rate of the tax imposed will  
347.28 be the current year's tax rate. This clause shall not apply in the case of the closing of a  
347.29 taconite facility if the property taxes on the facility would be higher if this clause and section  
347.30 298.25 were not applicable. ~~The tax on other iron-bearing material shall be imposed on the~~  
347.31 ~~current year production.~~

348.1        (e) The tax under paragraph (a) is also imposed upon other iron-bearing material. The  
348.2        tax on other iron-bearing material shall be imposed on the current year production. The rate  
348.3        of the tax imposed is the current year's tax rate.

348.4        ~~(e)~~ (f) If the tax or any part of the tax imposed by this subdivision is held to be  
348.5        unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced  
348.6        shall be imposed.

348.7        ~~(f)~~ (g) Consistent with the intent of this subdivision to impose a tax based upon the  
348.8        weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
348.9        determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
348.10       subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux  
348.11       additives included in the pellets from the weight of the pellets. For purposes of this paragraph,  
348.12       "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or  
348.13       other basic flux additives are combined with merchantable iron ore concentrate. No  
348.14       subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical  
348.15       additives other than basic flux additives, or moisture.

348.16       ~~(g)~~ (h)(1) Notwithstanding any other provision of this subdivision, for the first two years  
348.17       of a plant's commercial production of direct reduced ore from ore mined in this state, no  
348.18       tax is imposed under this section. As used in this paragraph, "commercial production" is  
348.19       production of more than 50,000 tons of direct reduced ore in the current year or in any prior  
348.20       year, "noncommercial production" is production of 50,000 tons or less of direct reduced  
348.21       ore in any year, and "direct reduced ore" is ore that results in a product that has an iron  
348.22       content of at least 75 percent. For the third year of a plant's commercial production of direct  
348.23       reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise  
348.24       determined under this subdivision. For the fourth commercial production year, the rate is  
348.25       50 percent of the rate otherwise determined under this subdivision; for the fifth commercial  
348.26       production year, the rate is 75 percent of the rate otherwise determined under this subdivision;  
348.27       and for all subsequent commercial production years, the full rate is imposed.

348.28       (2) Subject to clause (1), production of direct reduced ore in this state is subject to the  
348.29       tax imposed by this section, but if that production is not produced by a producer of taconite,  
348.30       iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or  
348.31       other iron-bearing material, that is consumed in the production of direct reduced ~~iron~~ ore  
348.32       in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or  
348.33       other iron-bearing material.

349.1       (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct  
349.2 reduced ore under this section during the facility's noncommercial production of direct  
349.3 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of  
349.4 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.  
349.5 Three-year average production of direct reduced ore does not include production of direct  
349.6 reduced ore in any noncommercial year. Three-year average production for a direct reduced  
349.7 ore facility that has noncommercial production is the average of the commercial production  
349.8 of direct reduced ore for the current year and the previous two commercial years.

349.9       (4) This paragraph applies only to plants for which all environmental permits have been  
349.10 obtained and construction has begun before July 1, 2008.

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

349.12       Sec. 5. Minnesota Statutes 2016, section 298.28, subdivision 2, is amended to read:

349.13       Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of  
349.14 merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount  
349.15 provided in paragraph (c), must be allocated to the city or town in the county in which the  
349.16 lands from which taconite was mined or quarried were located or within which the  
349.17 concentrate was produced. If the mining, quarrying, and concentration, or different steps  
349.18 in either thereof are carried on in more than one taxing district, the commissioner shall  
349.19 apportion equitably the proceeds of the part of the tax going to cities and towns among such  
349.20 subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation  
349.21 of mining or quarrying the taconite, and the remainder to the concentrating plant and to the  
349.22 processes of concentration, and with respect to each thereof giving due consideration to the  
349.23 relative extent of such operations performed in each such taxing district. The commissioner's  
349.24 order making such apportionment shall be subject to review by the Tax Court at the instance  
349.25 of any of the interested taxing districts, in the same manner as other orders of the  
349.26 commissioner.

349.27       (b)(1) Four cents per taxable ton shall be allocated to cities and organized townships  
349.28 affected by mining because their boundaries are within three miles of a taconite mine pit  
349.29 that:

349.30       (i) was actively mined by LTV Steel Mining Company in 1999; or

349.31       (ii) has been actively mined in at least one of the prior three years.

349.32       (2) If a city or town is located near more than one mine meeting these the criteria under  
349.33 this paragraph, the city or town is eligible to receive aid calculated from only the mine

350.1 producing the largest taxable tonnage. When more than one municipality qualifies for aid  
350.2 based on one company's production, the aid must be apportioned among the municipalities  
350.3 in proportion to their populations. The amounts distributed under this paragraph to each  
350.4 municipality must be used for infrastructure improvement projects.

350.5 (c) The amount that would have been computed for the current year under Minnesota  
350.6 Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to  
350.7 the cities and townships within the school district in the proportion that their taxable net tax  
350.8 capacity within the school district bears to the taxable net tax capacity of the school district  
350.9 for property taxes payable in the year prior to distribution.

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

350.11 Sec. 6. Minnesota Statutes 2016, section 298.28, subdivision 5, is amended to read:

350.12 **Subd. 5. Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023,  
350.13 and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties  
350.14 to be distributed, based upon certification by the commissioner of revenue, under paragraphs  
350.15 (b) to (d).

350.16 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite  
350.17 is mined or quarried or in which the concentrate is produced, less any amount which is to  
350.18 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision  
350.19 2 is the basis for the distribution.

350.20 (c) If 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)  
350.21 shall be paid to a county that received a distribution under this section in 2000 because there  
350.22 was located in the county an electric power plant owned by and providing the primary source  
350.23 of power for a taxpayer mining and concentrating taconite ~~is located in a different county~~  
350.24 ~~other than the county in which the mining and the concentrating processes are conducted,~~  
350.25 ~~one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and~~  
350.26 ~~imposed on and collected from such taxpayer shall be paid to the county in which the power~~  
350.27 ~~plant is located.~~

350.28 (d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents  
350.29 per taxable ton for distributions beginning in 2024, shall be paid to the county from which  
350.30 the taconite was mined, quarried or concentrated to be deposited in the county road and  
350.31 bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those  
350.32 processes are carried on in more than one county, the commissioner shall follow the  
350.33 apportionment formula prescribed in subdivision 2.

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

351.2 **ARTICLE 19**

351.3 **DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT**  
351.4 **AID POLICY PROVISIONS**

351.5 Section 1. Minnesota Statutes 2016, section 270.074, subdivision 1, is amended to read:

351.6 Subdivision 1. **Valuation.** The commissioner shall determine the market valuation of  
351.7 all flight property operated or used by every airline company in air commerce in this state.  
351.8 The valuation apportioned to this state of such flight property shall be the proportion of the  
351.9 total valuation thereof determined on the basis of the total of the following percentages:

351.10 ~~(1) 33-1/3 percent of the percentage which the total tonnage of passengers, express and~~  
351.11 ~~freight first received by the airline company in this state during the preceding calendar year~~  
351.12 ~~plus the total tonnage of passengers, express and freight finally discharged by it within this~~  
351.13 ~~state during the preceding calendar year is of the total of such tonnage first received by the~~  
351.14 ~~airline company or finally discharged by it, within and without this state during the preceding~~  
351.15 ~~calendar year.~~

351.16 ~~(2) 33-1/3 percent of the percentage which, in equated plane hours, the total time of all~~  
351.17 ~~aircraft of the airline company in flight in this state during the preceding calendar year, is~~  
351.18 ~~of the total of such time in flight within and without this state during the preceding calendar~~  
351.19 ~~year.~~

351.20 ~~(3) 33-1/3 (1) 50 percent of the percentage which the number of revenue ton miles of~~  
351.21 ~~passengers, mail, express and freight flown by the airline company within this state during~~  
351.22 ~~the preceding calendar year is of the total number of such miles flown by it within and~~  
351.23 ~~without this state during the preceding calendar year.~~

351.24 (2) 50 percent of the percentage that the total departures performed by the airline company  
351.25 within this state during the preceding calendar year is of the total departures performed  
351.26 within and without this state during the preceding calendar year.

351.27 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

351.28 Sec. 2. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

351.29 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
351.30 the state of Minnesota or any political subdivision thereof, ~~and property exempt from taxation~~  
351.31 ~~under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times~~  
351.32 ~~provided in subdivision 3,~~ a taxpayer claiming an exemption from taxation on property

352.1 described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with  
352.2 the assessor of the assessment district in which the property is located. By February 1, 2018,  
352.3 and by February 1 of each third year thereafter, the commissioner of revenue shall publish  
352.4 on its Web site a list of the exemptions for which a taxpayer claiming an exemption must  
352.5 file a statement of exemption. The commissioner's requirement that a taxpayer file a statement  
352.6 of exemption pursuant to this subdivision shall not be considered a rule and is not subject  
352.7 to the Administrative Procedure Act, chapter 14.

352.8 (b) A taxpayer claiming an exemption from taxation on property described in section  
352.9 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,  
352.10 on or before February 15 of each year for which the taxpayer claims an exemption.

352.11 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
352.12 commissioner may extend the time for filing the statement of exemption for a period not to  
352.13 exceed 60 days.

352.14 (d) The commissioner of revenue shall prescribe the form and contents of the statement  
352.15 of exemption.

352.16 **EFFECTIVE DATE.** This section is effective for applications for exemption submitted  
352.17 in 2018 and thereafter.

352.18 Sec. 3. Minnesota Statutes 2016, section 272.0295, is amended by adding a subdivision  
352.19 to read:

352.20 Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing  
352.21 the report required by subdivision 4. The extension must not exceed 15 days.

352.22 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

352.23 Sec. 4. Minnesota Statutes 2016, section 272.115, subdivision 1, as amended by Laws  
352.24 2017, chapter 16, section 1, is amended to read:

352.25 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,  
352.26 whenever any real estate is sold for a consideration in excess of \$1,000 \$1,500, whether by  
352.27 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
352.28 grantee or the legal agent of either shall file a certificate of value with the county auditor  
352.29 in the county in which the property is located when the deed or other document is presented  
352.30 for recording. Contract for deeds are subject to recording under section 507.235, subdivision  
352.31 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration  
352.32 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items

353.1 and value of personal property transferred with the real property must be listed and deducted  
353.2 from the sale price. The certificate of value shall include the classification to which the  
353.3 property belongs for the purpose of determining the fair market value of the property, and  
353.4 shall include any proposed change in use of the property known to the person filing the  
353.5 certificate that could change the classification of the property. The certificate shall include  
353.6 financing terms and conditions of the sale which are necessary to determine the actual,  
353.7 present value of the sale price for purposes of the sales ratio study. If the property is being  
353.8 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code  
353.9 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.  
353.10 The commissioner of revenue shall promulgate administrative rules specifying the financing  
353.11 terms and conditions which must be included on the certificate. The certificate of value  
353.12 must include the Social Security number or the federal employer identification number of  
353.13 the grantors and grantees. However, a married person who is not an owner of record and  
353.14 who is signing a conveyance instrument along with the person's spouse solely to release  
353.15 and convey their marital interest, if any, in the real property being conveyed is not a grantor  
353.16 for the purpose of the preceding sentence. A statement in the deed that is substantially in  
353.17 the following form is sufficient to allow the county auditor to accept a certificate for filing  
353.18 without the Social Security number of the named spouse: "(Name) claims no ownership  
353.19 interest in the real property being conveyed and is executing this instrument solely to release  
353.20 and convey a marital interest, if any, in that real property." The identification numbers of  
353.21 the grantors and grantees are private data on individuals or nonpublic data as defined in  
353.22 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or  
353.23 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax  
353.24 administration. The information required to be shown on the certificate of value is limited  
353.25 to the information required as of the date of the acknowledgment on the deed or other  
353.26 document to be recorded. The commissioner's determination of the amount for which a  
353.27 certificate of value is required pursuant to this subdivision shall not be considered a rule  
353.28 and is not subject to the Administrative Procedure Act, chapter 14.

353.29 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
353.30 December 31, 2017.

353.31 Sec. 5. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

353.32 **Subd. 2. Form; information required.** The certificate of value shall require such facts  
353.33 and information as may be determined by the commissioner to be reasonably necessary in  
353.34 the administration of the state education aid formulas. The form of the certificate of value

354.1 shall be prescribed by the Department of Revenue ~~which shall provide an adequate supply~~  
354.2 ~~of forms to each county auditor.~~

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

354.4 Sec. 6. Minnesota Statutes 2016, section 272.115, subdivision 3, is amended to read:

354.5 **Subd. 3. Copies transmitted; homestead status.** The county auditor shall transmit ~~two~~  
354.6 ~~true copies of~~ the certificate of value to the assessor who shall insert into the certificate of  
354.7 value the most recent market value and when available, the year of original construction of  
354.8 each parcel of property ~~on both copies~~, and shall transmit ~~one copy~~ the certificate of value  
354.9 to the Department of Revenue. Upon the request of a city council located within the county,  
354.10 a copy of each certificate of value for property located in that city shall be made available  
354.11 to the governing body of the city. The assessor shall remove the homestead classification  
354.12 for the following assessment year from a property which is sold or transferred, unless the  
354.13 grantee or the person to whom the property is transferred completes a homestead application  
354.14 under section 273.124, subdivision 13, and qualifies for homestead status.

354.15 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
354.16 December 31, 2017.

354.17 Sec. 7. Minnesota Statutes 2016, section 273.0755, is amended to read:

354.18 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

354.19 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
354.20 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
354.21 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
354.22 Revenue at least once in every four-year period. An assessor need not attend the course if  
354.23 they successfully pass the test for the course.

354.24 (b) The commissioner of revenue may require that each county, and each city for which  
354.25 the city assessor performs the duties of county assessor, have (i) a person on the assessor's  
354.26 staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer  
354.27 or employee who is certified by the Department of Revenue in tax calculations, and (iii) an  
354.28 officer or employee who is certified by the Department of Revenue in the proper preparation  
354.29 of abstracts of assessment. The commissioner of revenue may require that each county have  
354.30 an officer or employee who is certified by the Department of Revenue in the proper  
354.31 preparation of abstracts of tax lists. Certifications under this paragraph expire after four  
354.32 years.

355.1 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
355.2 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
355.3 in a seminar that focuses on ethics, professional conduct and the need for standardized  
355.4 assessment practices developed and presented by the commissioner of revenue. This  
355.5 requirement must be met at least once in every subsequent four-year period. This requirement  
355.6 applies to all assessors licensed for one year or more in the four-year period.

355.7 (d) The commissioner of revenue may require that at least one employee of any county  
355.8 or city that performs functions related to property tax administration complete additional  
355.9 training that the commissioner deems necessary to promote uniform and equitable  
355.10 implementation of the property tax laws, as defined in section 270C.01, subdivision 7.

355.11 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

355.12 Sec. 8. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

355.13 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements  
355.14 under subdivision 1 must file a homestead application with the county assessor to initially  
355.15 obtain homestead classification.

355.16 (b) The format and contents of a uniform homestead application shall be prescribed by  
355.17 the commissioner of revenue. The application must clearly inform the taxpayer that this  
355.18 application must be signed by all owners who occupy the property or by the qualifying  
355.19 relative and returned to the county assessor in order for the property to receive homestead  
355.20 treatment.

355.21 (c) Every property owner applying for homestead classification must furnish to the  
355.22 county assessor the Social Security number of each occupant who is listed as an owner of  
355.23 the property on the deed of record, the name and address of each owner who does not occupy  
355.24 the property, and the name and Social Security number of each owner's spouse ~~who occupies~~  
355.25 ~~the property~~. The application must be signed by each owner who occupies the property and  
355.26 by each owner's spouse who occupies the property, or, in the case of property that qualifies  
355.27 as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

355.28 If a property owner occupies a homestead, the property owner's spouse may not claim  
355.29 another property as a homestead unless the property owner and the property owner's spouse  
355.30 file with the assessor an affidavit or other proof required by the assessor stating that the  
355.31 property qualifies as a homestead under subdivision 1, paragraph (e).

355.32 Owners or spouses occupying residences owned by their spouses and previously occupied  
355.33 with the other spouse, either of whom fail to include the other spouse's name and Social

356.1 Security number on the homestead application or provide the affidavits or other proof  
356.2 requested, will be deemed to have elected to receive only partial homestead treatment of  
356.3 their residence. The remainder of the residence will be classified as nonhomestead residential.  
356.4 When an owner or spouse's name and Social Security number appear on homestead  
356.5 applications for two separate residences and only one application is signed, the owner or  
356.6 spouse will be deemed to have elected to homestead the residence for which the application  
356.7 was signed.

356.8 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
356.9 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
356.10 the property to receive homestead status, a homestead application must be filed with the  
356.11 assessor. The Social Security number of each relative occupying the property and the name  
356.12 and Social Security number of the spouse of a relative occupying the property shall be  
356.13 required on the homestead application filed under this subdivision. If a different relative of  
356.14 the owner subsequently occupies the property, the owner of the property must notify the  
356.15 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
356.16 occupying the property or relative's the spouse of a relative occupying the property is private  
356.17 data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
356.18 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
356.19 Act to recover personal property taxes owing, to the county treasurer.

356.20 (e) The homestead application shall also notify the property owners that if the property  
356.21 is granted homestead status for any assessment year, that same property shall remain  
356.22 classified as homestead until the property is sold or transferred to another person, or the  
356.23 owners, the spouse of the owner, or the relatives no longer use the property as their  
356.24 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
356.25 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
356.26 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
356.27 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
356.28 shall result in the penalty provided under this subdivision and the property will lose its  
356.29 current homestead status.

356.30 (f) If a homestead application has not been filed with the county by December 15, the  
356.31 assessor shall classify the property as nonhomestead for the current assessment year for  
356.32 taxes payable in the following year, provided that the owner may be entitled to receive the  
356.33 homestead classification by proper application under section 375.192.

356.34 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
356.35 2018 and thereafter.

357.1 Sec. 9. Minnesota Statutes 2016, section 273.124, subdivision 13d, is amended to read:

357.2 Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each  
357.3 county must provide the commissioner with the following data for each parcel of homestead  
357.4 property by electronic means as defined in section 289A.02, subdivision 8:

357.5 (1) the property identification number assigned to the parcel for purposes of taxes payable  
357.6 in the current year;

357.7 (2) the name and Social Security number of each occupant of homestead property who  
357.8 is the property owner, ~~property owner's spouse~~, or qualifying relative of a property owner,  
357.9 and the spouse of the property owner who occupies homestead property or spouse of a  
357.10 qualifying relative of a property owner who occupies homestead property;

357.11 (3) the classification of the property under section 273.13 for taxes payable in the current  
357.12 year and in the prior year;

357.13 (4) an indication of whether the property was classified as a homestead for taxes payable  
357.14 in the current year because of occupancy by a relative of the owner or by a spouse of a  
357.15 relative;

357.16 (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
357.17 current year and the prior year;

357.18 (6) the market value of improvements to the property first assessed for tax purposes for  
357.19 taxes payable in the current year;

357.20 (7) the assessor's estimated market value assigned to the property for taxes payable in  
357.21 the current year and the prior year;

357.22 (8) the taxable market value assigned to the property for taxes payable in the current  
357.23 year and the prior year;

357.24 (9) whether there are delinquent property taxes owing on the homestead;

357.25 (10) the unique taxing district in which the property is located; and

357.26 (11) such other information as the commissioner decides is necessary.

357.27 The commissioner shall use the information provided on the lists as appropriate under  
357.28 the law, including for the detection of improper claims by owners, or relatives of owners,  
357.29 under chapter 290A.

357.30 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
357.31 2018 and thereafter.

358.1 Sec. 10. Minnesota Statutes 2016, section 274.014, subdivision 3, is amended to read:

358.2 **Subd. 3. Proof of compliance; transfer of duties.** (a) Any city or town that conducts  
358.3 local boards of appeal and equalization meetings must ~~provide proof to the county assessor~~  
358.4 ~~by February 1 that it is in compliance~~ comply with the training requirements of subdivision  
358.5 2 by February 1, by having at least one member who has attended an appeals and equalization  
358.6 course described in subdivision 2 within the last four years. This notice must also verify  
358.7 ~~that there was a quorum of voting members at each meeting of the board of appeal and~~  
358.8 ~~equalization in the previous year.~~ A city or town that does not comply with these requirements  
358.9 is deemed to have transferred its board of appeal and equalization powers to the county for  
358.10 a minimum of two assessment years, beginning with the current year's assessment and  
358.11 continuing thereafter unless the powers are reinstated under paragraph (c).

358.12 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
358.13 a city or town has been transferred to the county under this subdivision and, prior to the  
358.14 meeting time of the county board of equalization, the county shall make available to those  
358.15 taxpayers a procedure for a review of the assessments, including, but not limited to, open  
358.16 book meetings. This alternate review process shall take place in April and May.

358.17 (c) A local board whose powers are transferred to the county under this subdivision may  
358.18 be reinstated by resolution of the governing body of the city or town and upon proof of  
358.19 compliance with the requirements of subdivision 2. The resolution and proofs must be  
358.20 provided to the county assessor by February 1 in order to be effective for the following  
358.21 year's assessment.

358.22 (d) A local board whose powers are transferred to the county under this subdivision may  
358.23 continue to employ a local assessor and is not deemed to have transferred its powers to  
358.24 make assessments.

358.25 **EFFECTIVE DATE.** This section is effective for board of appeal and equalization  
358.26 meetings held in 2018 and thereafter.

358.27 Sec. 11. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

358.28 **Subd. 3. Proof of compliance; transfer of duties.** (a) Any county that conducts county  
358.29 boards of appeal and equalization meetings must ~~provide proof to the commissioner by~~  
358.30 ~~December 1, 2009, and each year thereafter, that it is in compliance~~ comply with the training  
358.31 requirements of subdivision 2 by February 1, by having at least one member who has attended  
358.32 an appeals and equalization course described in subdivision 2 within the last four years.  
358.33 ~~Beginning in 2009, this notice must also verify that there was a quorum of voting members~~

359.1 ~~at each meeting of the board of appeal and equalization in the current year.~~ A county that  
359.2 does not comply with these requirements is deemed to have transferred its board of appeal  
359.3 and equalization powers to the special board of equalization appointed pursuant to section  
359.4 274.13, subdivision 2, for a minimum of two assessment years, beginning with the following  
359.5 year's assessment and continuing thereafter unless the powers are reinstated under paragraph  
359.6 (c). A county that does not comply with the requirements of subdivision 2 and has not  
359.7 appointed a special board of equalization shall appoint a special board of equalization before  
359.8 the following year's assessment.

359.9 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
359.10 a county has been transferred to the special board of equalization under this subdivision  
359.11 and, prior to the meeting time of the special board of equalization, the county shall make  
359.12 available to those taxpayers a procedure for a review of the assessments, including, but not  
359.13 limited to, open book meetings. This alternate review process must take place in April and  
359.14 May.

359.15 (c) A county board whose powers are transferred to the special board of equalization  
359.16 under this subdivision may be reinstated by resolution of the county board and upon proof  
359.17 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
359.18 provided to the commissioner by ~~December~~ February 1 in order to be effective for the  
359.19 following current year's assessment.

359.20 (d) If a person who was entitled to appeal to the county board of appeal and equalization  
359.21 or to the county special board of equalization is not able to do so in a particular year because  
359.22 the county board or special board did not meet the quorum and training requirements in this  
359.23 section and section 274.13, or because the special board was not appointed, that person may  
359.24 instead appeal to the commissioner of revenue, provided that the appeal is received by the  
359.25 commissioner prior to August 1. The appeal is not subject to either chapter 14 or section  
359.26 270C.92. The commissioner must issue an appropriate order to the county assessor in  
359.27 response to each timely appeal, either upholding or changing the valuation or classification  
359.28 of the property. Prior to October 1 of each year, the commissioner must charge and bill the  
359.29 county where the property is located \$500 for each tax parcel covered by an order issued  
359.30 under this paragraph in that year. Amounts received by the commissioner under this paragraph  
359.31 must be deposited in the state's general fund. If payment of a billed amount is not received  
359.32 by the commissioner before December 1 of the year when billed, the commissioner must  
359.33 deduct that unpaid amount from any state aid the commissioner would otherwise pay to the  
359.34 county under chapter 477A in the next year. Late payments may either be returned to the  
359.35 county uncashed and undeposited or may be accepted. If a late payment is accepted, the

360.1 state aid paid to the county under chapter 477A must be adjusted within 12 months to  
360.2 eliminate any reduction that occurred because the payment was late. Amounts needed to  
360.3 make these adjustments are included in the appropriation under section 477A.03, subdivision  
360.4 2.

360.5 **EFFECTIVE DATE.** This section is effective for board of appeal and equalization  
360.6 meetings held in 2018 and thereafter.

360.7 **Sec. 12. REPEALER.**

360.8 Minnesota Statutes 2016, section 270.074, subdivision 2, is repealed.

360.9 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

360.10 **ARTICLE 20**

360.11 **DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES POLICY  
360.12 PROVISIONS**

360.13 Section 1. Minnesota Statutes 2016, section 84.82, subdivision 10, is amended to read:

360.14 **Subd. 10. Proof of sales tax payment; collection and refund.** (a) A person applying  
360.15 for initial registration of a snowmobile must provide a ~~snowmobile purchaser's certificate,~~  
360.16 ~~showing a complete description of the snowmobile, the seller's name and address, the full~~  
360.17 ~~purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must~~  
360.18 ~~include information showing either receipt, invoice, or other document to prove that:~~

360.19 (1) ~~that the sales and use tax under chapter 297A was paid or;~~

360.20 (2) ~~the purchase was exempt from tax under chapter 297A. The commissioner of public~~  
360.21 ~~safety, in consultation with the commissioner and the commissioner of revenue, shall~~  
360.22 ~~prescribe the form of the certificate. The certificate is not required if the applicant provides~~  
360.23 ~~a receipt, invoice, or other document that shows; or~~

360.24 (3) the snowmobile was purchased from a retailer that is maintaining a place of business  
360.25 in this state as defined in section 297A.66, subdivision 1, and is a dealer.

360.26 (b) The commissioner or authorized deputy registrars, acting as agents of the  
360.27 commissioner of revenue under an agreement between the commissioner and the  
360.28 commissioner of revenue, as provided in section 297A.825:

360.29 (1) must collect use tax from the applicant if the applicant does not provide the proof  
360.30 required under paragraph (a); and

360.31 (2) are authorized to issue refunds of use tax paid to them in error.

361.1 (c) Subdivision 11 does not apply to refunds under this subdivision.

361.2 **EFFECTIVE DATE.** This section is effective for snowmobiles registered after June

361.3 30, 2017.

361.4 Sec. 2. Minnesota Statutes 2016, section 84.922, subdivision 11, is amended to read:

361.5 Subd. 11. **Proof of sales tax payment; collection and refund.** (a) A person applying  
361.6 for initial registration in Minnesota of an all-terrain vehicle ~~shall~~ must provide a ~~purchaser's~~  
361.7 ~~certificate showing a complete description of the all-terrain vehicle, the seller's name and~~  
361.8 ~~address, the full purchase price of the all-terrain vehicle, and the trade-in allowance, if any.~~  
361.9 ~~The certificate also must include information showing either receipt, invoice, or other~~  
361.10 ~~document to prove that:~~

361.11 (1) the sales and use tax under chapter 297A was paid, ~~or~~

361.12 (2) the purchase was exempt from tax under chapter 297A. ~~The certificate is not required~~  
361.13 ~~if the applicant provides a receipt, invoice, or other document that shows;~~ ~~or~~

361.14 (3) the all-terrain vehicle was purchased from a retailer ~~that is~~ maintaining a place of  
361.15 business in this state as defined in section 297A.66, subdivision 1, ~~and is a dealer.~~

361.16 (b) The commissioner or authorized deputy registrars, acting as agents of the  
361.17 ~~commissioner of revenue under an agreement between the commissioner and the~~  
361.18 ~~commissioner of revenue, as provided in section 297A.825:~~

361.19 (1) ~~must collect use tax from the applicant if the applicant does not provide the proof~~  
361.20 ~~required under paragraph (a); and~~

361.21 (2) ~~are authorized to issue refunds of use tax paid to them in error.~~

361.22 (c) Subdivision 12 does not apply to refunds under this subdivision.

361.23 **EFFECTIVE DATE.** This section is effective for all-terrain vehicles registered after

361.24 June 30, 2017.

361.25 Sec. 3. Minnesota Statutes 2016, section 86B.401, subdivision 12, is amended to read:

361.26 Subd. 12. **Proof of sales tax payment; collection and refund.** (a) A person applying  
361.27 for initial licensing of a watercraft must provide a ~~watercraft purchaser's certificate, showing~~  
361.28 ~~a complete description of the watercraft, the seller's name and address, the full purchase~~  
361.29 ~~price of the watercraft, and the trade-in allowance, if any. The certificate must include~~  
361.30 ~~information showing either receipt, invoice, or other document to prove that:~~

362.1 (1) ~~that the sales and use tax under chapter 297A was paid or;~~  
362.2 (2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public~~  
362.3 ~~safety, in consultation with the commissioner and the commissioner of revenue, shall~~  
362.4 ~~prescribe the form of the certificate. The certificate is not required if the applicant provides~~  
362.5 ~~a receipt, invoice, or other document that shows; or~~  
362.6 (3) the watercraft was purchased from a retailer that is maintaining a place of business  
362.7 in this state as defined in section 297A.66, subdivision 1, and is a dealer.

362.8 (b) The commissioner or authorized deputy registrars, acting as agents of the  
362.9 commissioner of revenue under an agreement between the commissioner and the  
362.10 commissioner of revenue, as provided in section 297A.825:  
362.11 (1) must collect use tax from the applicant if the applicant does not provide the proof  
362.12 required under paragraph (a); and  
362.13 (2) are authorized to issue refunds of use tax paid to them in error.

362.14 (c) Section 86B.415, subdivision 11, does not apply to refunds under this subdivision.  
362.15 **EFFECTIVE DATE.** This section is effective for watercraft licensed after June 30,  
362.16 2017.

362.17 Sec. 4. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to  
362.18 read:

362.19 **Subd. 20. Department of Natural Resources; authorized deputy registrars of motor**  
362.20 **vehicles.** The commissioner may disclose return information related to the taxes imposed  
362.21 by chapter 297A to the Department of Natural Resources or an authorized deputy registrar  
362.22 of motor vehicles only:

362.23 (1) if the commissioner has an agreement with the commissioner of natural resources  
362.24 under section 297A.825, subdivision 1; and  
362.25 (2) to the extent necessary for the Department of Natural Resources or an authorized  
362.26 deputy registrar of motor vehicles, as agents for the commissioner, to verify that the  
362.27 applicable sales or use tax has been paid or that a sales tax exemption applies on the purchase  
362.28 of a snowmobile, all-terrain vehicle, or watercraft, and to administer sections 84.82,  
362.29 subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; and 297A.825, regarding  
362.30 either their collection of use tax or their issuance of refunds to applicants of use tax paid to  
362.31 them in error.

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

363.1 Sec. 5. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to  
363.2 read:

363.3 **Subd. 21. Department of Transportation.** The commissioner may disclose return  
363.4 information related to the taxes imposed by chapter 297A to the Department of Transportation  
363.5 only:

363.6 (1) if the commissioner has an agreement with the commissioner of transportation under  
363.7 section 297A.82, subdivision 7; and

363.8 (2) to the extent necessary for the Department of Transportation, as agent for the  
363.9 commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax  
363.10 exemption applies on the lease, purchase, or sale of an aircraft by an individual or business  
363.11 who owns and operates the aircraft that must be registered or licensed in Minnesota under  
363.12 section 360.018, and to otherwise administer section 297A.82, regarding the collection of  
363.13 tax by the Department of Transportation.

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

363.15 Sec. 6. Minnesota Statutes 2016, section 289A.50, subdivision 2a, is amended to read:

363.16 **Subd. 2a. Refund of sales tax to purchasers.** (a) If a vendor has collected from a  
363.17 purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the  
363.18 purchaser may apply directly to the commissioner for a refund under this section if:

363.19 (1) the purchaser is currently registered or was registered during the period of the claim,  
363.20 to collect and remit the sales tax or to remit the use tax; and

363.21 (2) either

363.22 (i) the amount of the refund to be applied for exceeds \$500, or

363.23 (ii) the amount of the refund to be applied for does not exceed \$500, but the purchaser  
363.24 also applies for a capital equipment claim at the same time, and the total of the two refunds  
363.25 exceeds \$500.

363.26 (b) The purchaser may not file more than two applications for refund under this  
363.27 subdivision in a calendar year.

363.28 (c) Refunds shall not be issued for sales for resale where the vendor has a published no  
363.29 resale policy.

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

364.1 Sec. 7. **[297A.825] SNOWMOBILES; ALL-TERRAIN VEHICLES; WATERCRAFT;**  
364.2 **PAYMENT OF TAXES; REFUNDS.**

364.3 Subdivision 1. Agreement with commissioners of natural resources and public  
364.4 safety; collection and refunds. The commissioner may enter into an agreement with the  
364.5 commissioner of natural resources, in consultation with the commissioner of public safety,  
364.6 that provides that:

364.7 (1) the commissioner of natural resources and authorized deputy registrars of motor  
364.8 vehicles must collect use tax on snowmobiles, all-terrain vehicles, and watercraft from  
364.9 persons applying for initial registration or license of the item unless the applicant provides  
364.10 a receipt, invoice, or other document to prove that:

364.11 (i) sales tax was paid on the purchase;  
364.12 (ii) the purchase was exempt under this chapter;  
364.13 (iii) use tax was paid to the commissioner in a form prescribed by the commissioner; or  
364.14 (iv) the item was purchased from a retailer that is maintaining a place of business in this  
364.15 state as defined in section 297A.66, subdivision 1, and is a dealer as defined in section  
364.16 84.81, subdivision 10; 84.92, subdivision 3; or 86B.005, subdivision 4; and  
364.17 (2) the commissioner of natural resources and authorized deputy registrars of motor  
364.18 vehicles are authorized to issue refunds of use tax paid to them in error, meaning that either  
364.19 the sales or use tax had already been paid or that the purchase was exempt from tax under  
364.20 this chapter.

364.21 Subd. 2. Agents. For the purposes of collecting or refunding the tax under this section,  
364.22 the commissioner of natural resources and authorized deputy registrars of motor vehicles  
364.23 are the agents of the commissioner and are subject to, and must strictly comply with, all  
364.24 rules consistent with this chapter prescribed by the commissioner.

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

364.26 Sec. 8. Minnesota Statutes 2016, section 297B.07, is amended to read:

364.27 **297B.07 PRESUMPTIONS.**

364.28 Subdivision 1. Presumption; sale and registration. For the purpose of the proper  
364.29 administration of ~~Laws 1971, chapter 853~~ this chapter, and to prevent evasion of the tax,  
364.30 the following presumptions shall apply:

365.1       (a) Evidence that a motor vehicle was sold for delivery in this state shall be prima facie  
365.2 evidence that it was sold for use in this state.

365.3       (b) When an application for registration plates for a motor vehicle is received by the  
365.4 motor vehicle registrar within 30 days of the date it was purchased or acquired by the  
365.5 purchaser, it shall be presumed, until the contrary is shown by the purchaser, that it was  
365.6 purchased or acquired for use in this state. This presumption shall apply whether or not such  
365.7 vehicle was previously titled or registered in another state.

365.8       Subd. 2. Presumption; ownership. (a) When a business entity not organized under the  
365.9 laws of this state owns a motor vehicle that is under the control of a Minnesota resident, it  
365.10 is presumed that the Minnesota resident is the owner of the motor vehicle if two or more  
365.11 of the following are true:

365.12       (1) the business entity lacks a specific business activity or purpose other than the  
365.13 avoidance of tax;

365.14       (2) the business entity maintains no physical location in the jurisdiction where it is  
365.15 organized;

365.16       (3) the business entity earns de minimis or no revenue;

365.17       (4) the business entity maintains minimal or no business records;

365.18       (5) the business entity fails to employ individual persons and provide those persons with  
365.19 federal income tax W-2 wage and tax statements; or

365.20       (6) the business entity fails to file federal income tax returns or fails to file a required  
365.21 state tax return where it is organized.

365.22       (b) For purposes of this subdivision, a motor vehicle is under the control of a Minnesota  
365.23 resident if the Minnesota resident:

365.24       (1) is a partner, member, or shareholder of the business entity;

365.25       (2) is insured to drive the vehicle; and

365.26       (3) operates or stores the vehicle in Minnesota for any period of time.

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

365.28       Sec. 9. Minnesota Statutes 2016, section 297I.30, subdivision 7, is amended to read:

365.29       Subd. 7. Surcharge. (a) By April 30 of each year, every company required to pay the  
365.30 ~~surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period~~  
365.31 ~~ending March 31 in the form prescribed by the commissioner.~~

366.1        ~~(b)~~ (a) By June 30 of each year, every company required to pay the surcharge under  
366.2        section 297I.10, subdivision 1, shall file a return for the ~~two-month~~ seven-month period  
366.3        ending May 31 in the form prescribed by the commissioner.

366.4        ~~(e)~~ (b) By November 30 of each year, every company required to pay the surcharge  
366.5        under section 297I.10, subdivision 1, shall file a return for the five-month period ending  
366.6        October 31 in the form prescribed by the commissioner.

366.7        **EFFECTIVE DATE.** This section is effective for returns due after October 31, 2017.

366.8        Sec. 10. **REPEALER.**

366.9        Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

## 366.11        **ARTICLE 21**

### 366.12        **DEPARTMENT OF REVENUE PAID PREPARER POLICY PROVISIONS**

366.13        Section 1. Minnesota Statutes 2016, section 270C.445, subdivision 2, is amended to read:

366.14        Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to  
366.15 270C.447, the following terms have the meanings given.

366.16        (b) "Advertise" means to solicit business through any means or medium.

366.17        (c) "Client" means ~~an individual~~ a person for whom a tax preparer performs or agrees  
366.18        to perform tax preparation services.

366.19        (d) "Facilitate" means to individually or in conjunction or cooperation with another  
366.20        person:

366.21        (1) accept an application for a refund anticipation loan;

366.22        (2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any  
366.23        other means, of a refund anticipation loan; or

366.24        (3) offer, arrange, process, provide, or in any other manner act to allow the making of,  
366.25        a refund anticipation loan.

366.26        ~~(e) "Person" means an individual, corporation, partnership, limited liability company,~~  
366.27 ~~association, trustee, or other legal entity.~~

366.28        ~~(f)~~ (e) "Refund anticipation check" means a negotiable instrument provided to a client  
366.29        by the tax preparer or another person, which is issued from the proceeds of a taxpayer's

367.1 federal or state income tax refund or both and represents the net of the refund minus the tax  
367.2 preparation fee and any other fees. A refund anticipation check includes a refund transfer.

367.3 ~~(g)~~ (f) "Refund anticipation loan" means a loan or any other extension of credit, whether  
367.4 provided by the tax preparer or another entity such as a financial institution, in anticipation  
367.5 of, and whose payment is secured by, a client's federal or state income tax refund or both.

367.6 ~~(h)~~ (g) "Tax preparation services" means services provided for ~~a fee or other consideration~~  
367.7 compensation to a client to:

367.8 (1) assist with preparing or filing ~~state or federal individual income tax returns~~ a return;

367.9 (2) assume final responsibility for completed work on ~~an individual income tax~~ a return  
367.10 on which preliminary work has been done by another; ~~or~~

367.11 (3) sign or include on a return the preparer tax identification number required under  
367.12 section 6109(a)(4) of the Internal Revenue Code; or

367.13 ~~(3)~~ (4) facilitate the provision of a refund anticipation loans and loan or a refund  
367.14 anticipation checks check.

367.15 ~~(i)~~ (h) "Tax preparer" or "preparer" means a person providing tax preparation services  
367.16 ~~subject to this section, except:~~

367.17 (1) an employee who prepares their employer's return;

367.18 (2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the  
367.19 fiduciary estate, testator, trustor, grantor, or beneficiaries of them;

367.20 (3) nonprofit organizations providing tax preparation services under the Internal Revenue  
367.21 Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly  
367.22 Program;

367.23 (4) a person who merely furnishes typing, reproducing, or other mechanical assistance;

367.24 (5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently  
367.25 registered with the commissioner; and

367.26 (6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph  
367.27 (c), that provides all of the sales tax functions for a retailer not maintaining a place of  
367.28 business in this state as described in section 297A.66.

367.29 (i) Except as otherwise provided, "return" means:

367.30 (1) a return as defined in section 270C.01, subdivision 8;

367.31 (2) a claim for refund of an overpayment;

368.1 (3) a claim filed pursuant to chapter 290A; and

368.2 (4) a claim for a credit filed under section 290.0677, subdivision 1.

368.3 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

368.5 Sec. 2. Minnesota Statutes 2016, section 270C.445, subdivision 3, is amended to read:

368.6 **Subd. 3. Standards of conduct.** No tax preparer shall:

368.7 (1) without good cause fail to promptly, diligently, and without unreasonable delay  
368.8 complete a client's ~~tax~~ return;

368.9 (2) obtain the signature of a client to a ~~tax~~ return or authorizing document that contains  
368.10 blank spaces to be filled in after it has been signed;

368.11 (3) fail to sign a client's ~~tax~~ return when ~~payment~~ compensation for services rendered  
368.12 has been made;

368.13 (4) fail to provide on a client's return the preparer tax identification number when required  
368.14 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

368.15 (4) (5) fail or refuse to give a client a copy of any document requiring the client's signature  
368.16 within a reasonable time after the client signs the document;

368.17 (5) (6) fail to retain for at least four years a copy of ~~individual income tax~~ a client's  
368.18 returns;

368.19 (6) (7) fail to maintain a confidential relationship with clients or former clients;

368.20 (7) (8) fail to take commercially reasonable measures to safeguard a client's nonpublic  
368.21 personal information;

368.22 (8) (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly  
368.23 or indirectly, any false, deceptive, or misleading statement or representation relating to or  
368.24 in connection with the offering or provision of tax preparation services;

368.25 (9) (10) require a client to enter into a loan arrangement in order to complete a ~~tax~~ client's  
368.26 return;

368.27 (10) (11) claim credits or deductions on a client's ~~tax~~ return for which the tax preparer  
368.28 knows or reasonably should know the client does not qualify;

368.29 (12) report a household income on a client's claim filed under chapter 290A that the tax  
368.30 preparer knows or reasonably should know is not accurate;

369.1        (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
369.2        13, 20, 20a, 26, or 28;

369.3        (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
369.4        of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

369.5        (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
369.6        incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

369.7        (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
369.8        disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

369.9        ~~(11)~~(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
369.10        refund for tax preparation services;

369.11        ~~(12)~~(18) under any circumstances, withhold or fail to return to a client a document  
369.12        provided by the client for use in preparing the client's tax return;

369.13        ~~(13)~~(19) establish an account in the preparer's name to receive a client's refund through  
369.14        a direct deposit or any other instrument unless the client's name is also on the account,  
369.15        except that a taxpayer may assign the portion of a refund representing the Minnesota  
369.16        education credit available under section 290.0674 to a bank account without the client's  
369.17        name, as provided under section 290.0679;

369.18        ~~(14)~~(20) fail to act in the best interests of the client;

369.19        ~~(15)~~(21) fail to safeguard and account for any money handled for the client;

369.20        ~~(16)~~(22) fail to disclose all material facts of which the preparer has knowledge which  
369.21        might reasonably affect the client's rights and interests;

369.22        ~~(17)~~(23) violate any provision of section 332.37;

369.23        ~~(18)~~(24) include any of the following in any document provided or signed in connection  
369.24        with the provision of tax preparation services:

369.25        (i) a hold harmless clause;

369.26        (ii) a confession of judgment or a power of attorney to confess judgment against the

369.27        client or appear as the client in any judicial proceeding;

369.28        (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against

369.29        a debtor;

369.30        (iv) an assignment of or an order for payment of wages or other compensation for

369.31        services;

370.1 (v) a provision in which the client agrees not to assert any claim or defense otherwise  
370.2 available;

370.3 (vi) a waiver of any provision of this section or a release of any obligation required to  
370.4 be performed on the part of the tax preparer; or

370.5 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on  
370.6 a class basis; or

370.7 ~~(19)~~ (25) if making, providing, or facilitating a refund anticipation loan, fail to provide  
370.8 all disclosures required by the federal Truth in Lending Act, United States Code, title 15,  
370.9 in a form that may be retained by the client.

370.10 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
370.11 31, 2017.

370.12 Sec. 3. Minnesota Statutes 2016, section 270C.445, subdivision 5a, is amended to read:

370.13 Subd. 5a. **Nongame wildlife checkoff.** A tax preparer must give written notice of the  
370.14 option to contribute to the nongame wildlife management account in section 290.431 to  
370.15 corporate clients that file an income tax return and to individual clients who file an income  
370.16 tax return or ~~property tax refund~~ claim form under chapter 290A. This notification must be  
370.17 included with information sent to the client at the same time as the preliminary worksheets  
370.18 or other documents used in preparing the client's return and must include a line for displaying  
370.19 contributions.

370.20 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
370.21 31, 2017.

370.22 Sec. 4. Minnesota Statutes 2016, section 270C.445, subdivision 6, is amended to read:

370.23 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
370.24 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
370.25 of subdivision 3, 3a, 4, 5, or 5b or 5, or section 270C.4451, provided that a penalty may not  
370.26 be imposed for any conduct ~~that is also subject to the for which a tax return~~ preparer ~~penalties~~  
370.27 ~~in~~ penalty is imposed under section 289A.60, subdivision 13. The commissioner may  
370.28 terminate a tax preparer's authority to transmit returns electronically to the state, if the  
370.29 commissioner determines the tax preparer engaged in a pattern and practice of violating  
370.30 this section. Imposition of a penalty under this ~~subdivision~~ paragraph is subject to the  
370.31 contested case procedure under chapter 14. The commissioner shall collect the penalty in  
370.32 the same manner as the income tax. There is no right to make a claim for refund under

371.1 section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this  
371.2 subdivision paragraph are public data.

371.3 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
371.4 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
371.5 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
371.6 desist from committing the violation. The administrative order may include an administrative  
371.7 penalty provided in paragraph (a).

371.8 (c) If the commissioner issues an administrative order under paragraph (b), the  
371.9 commissioner must send the order to the tax preparer addressed to the last known address  
371.10 of the tax preparer.

371.11 (d) A cease and desist order under paragraph (b) must:

371.12 (1) describe the act, conduct, or practice committed and include a reference to the law  
371.13 that the act, conduct, or practice violates; and  
371.14 (2) provide notice that the tax preparer may request a hearing as provided in this  
371.15 subdivision.

371.16 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
371.17 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
371.18 for hearing must be made in writing and must be served on the commissioner at the address  
371.19 specified in the order. The hearing request must specifically state the reasons for seeking  
371.20 review of the order. The date on which a request for hearing is served by mail is the postmark  
371.21 date on the envelope in which the request for hearing is mailed.

371.22 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
371.23 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
371.24 subject to review by any court or agency.

371.25 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
371.26 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
371.27 receives the request for a hearing.

371.28 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
371.29 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
371.30 must issue a report containing findings of fact, conclusions of law, and a recommended  
371.31 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
371.32 or the submission of written arguments, whichever is later.

372.1        (i) Within five days of the date of the administrative law judge's report issued under  
372.2        paragraph (h), any party aggrieved by the administrative law judge's report may submit  
372.3        written exceptions and arguments to the commissioner. Within 15 days after receiving the  
372.4        administrative law judge's report, the commissioner must issue an order vacating, modifying,  
372.5        or making final the administrative order.

372.6        (j) The commissioner and the tax preparer requesting a hearing may by agreement  
372.7        lengthen any time periods prescribed in paragraphs (g) to (i).

372.8        (k) An administrative order issued under paragraph (b) is in effect until it is modified  
372.9        or vacated by the commissioner or an appellate court. The administrative hearing provided  
372.10        by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
372.11        the exclusive remedy for a tax preparer aggrieved by the order.

372.12        (l) The commissioner may impose an administrative penalty, in addition to the penalty  
372.13        under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
372.14        paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
372.15        procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
372.16        this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
372.17        penalty order. The request for hearing must be made in writing and must be served on the  
372.18        commissioner at the address specified in the order. The hearing request must specifically  
372.19        state the reasons for seeking review of the order. The cease and desist order issued under  
372.20        paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
372.21        this paragraph. The date on which a request for hearing is served by mail is the postmark  
372.22        date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
372.23        timely request a hearing, the penalty order becomes a final order of the commissioner and  
372.24        is not subject to review by any court or agency. A penalty imposed by the commissioner  
372.25        under this paragraph may be collected and enforced by the commissioner as an income tax  
372.26        liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
372.27        imposed under this paragraph. A penalty imposed under this paragraph is public data.

372.28        (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
372.29        commissioner may terminate the tax preparer's authority to transmit returns electronically  
372.30        to the state. Termination under this paragraph is public data.

372.31        (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
372.32        order.

373.1        (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
373.2        action under this subdivision against a tax preparer, with respect to a return, within the  
373.3        period to assess tax on that return as provided by section 289A.38.

373.4        (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
373.5        a tax preparer under this subdivision, other than with respect to a return, must be taken by  
373.6        the commissioner within five years of the violation of statute.

373.7        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
373.8        31, 2017.

373.9        Sec. 5. Minnesota Statutes 2016, section 270C.445, subdivision 6a, is amended to read:

373.10        Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of  
373.11        Accountancy shall refer to the commissioner complaints it receives about tax preparers who  
373.12        are not subject to the jurisdiction of the State Board of Accountancy and who are alleged  
373.13        to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b this section, except~~  
373.14        subdivision 5a, or section 270C.4451.

373.15        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
373.16        31, 2017.

373.17        Sec. 6. Minnesota Statutes 2016, section 270C.445, subdivision 6b, is amended to read:

373.18        Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The  
373.19        Lawyers Board of Professional Responsibility may refer to the commissioner complaints  
373.20        it receives about tax preparers who are not subject to its jurisdiction and who are alleged to  
373.21        have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b this section, except~~  
373.22        subdivision 5a, or section 270C.4451.

373.23        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
373.24        31, 2017.

373.25        Sec. 7. Minnesota Statutes 2016, section 270C.445, subdivision 6c, is amended to read:

373.26        Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer information  
373.27        and complaints about tax preparers who are alleged to have violated the provisions of  
373.28        ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b this section, except subdivision 5a, or section~~  
373.29        270C.4451, to:

373.30        (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and

374.1       (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under its  
374.2 jurisdiction.

374.3       **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
374.4 31, 2017.

374.5       Sec. 8. Minnesota Statutes 2016, section 270C.445, subdivision 7, is amended to read:

374.6       Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section or section  
374.7 270C.4451 is an unfair, deceptive, and unlawful trade practice within the meaning of section  
374.8 8.31. An action taken under this section is in the public interest.

374.9       (b) A client may bring a civil action seeking redress for a violation of this section in the  
374.10 conciliation or the district court of the county in which unlawful action is alleged to have  
374.11 been committed or where the respondent resides or has a principal place of business.

374.12       (c) A court finding for the plaintiff must award:

374.13       (1) actual damages;

374.14       (2) incidental and consequential damages;

374.15       (3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the  
374.16 plaintiff violated ~~subdivision 3a, 4, or 5b~~ section 270C.4451, subdivision 1, 2, or 5, all  
374.17 interest and fees for a refund anticipation loan;

374.18       (4) reasonable attorney fees;

374.19       (5) court costs; and

374.20       (6) any other equitable relief as the court considers appropriate.

374.21       **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
374.22 31, 2017.

374.23       Sec. 9. Minnesota Statutes 2016, section 270C.445, subdivision 8, is amended to read:

374.24       Subd. 8. **Limited exemptions.** (a) Except as provided in paragraph (b), the provisions  
374.25 of ~~this section, except for subdivisions 3a, 4, and 5b, subdivisions 3; 5; 5a; 6, paragraphs~~  
374.26 (a) to (n); and 7, do not apply to:

374.27       (1) an attorney admitted to practice under section 481.01;

374.28       (2) a registered accounting practitioner, a registered accounting practitioner firm, a  
374.29 certified public accountant, or other person who is subject to the jurisdiction of the State

375.1 Board of Accountancy a certified public accountant firm, licensed in accordance with chapter  
375.2 326A;

375.3 (3) an enrolled agent who has passed the special enrollment examination administered  
375.4 by the Internal Revenue Service; or

375.5 (4) anyone a person who provides, or assists in providing, tax preparation services within  
375.6 the scope of duties as an employee or supervisor under the direction or supervision of a  
375.7 person who is exempt under this subdivision; or

375.8 (5) a person acting as a supervisor to a tax preparer who is exempt under this subdivision.

375.9 (b) The provisions of subdivisions 3; 6, paragraphs (a) to (n); and 7, apply to a tax  
375.10 preparer who would otherwise be exempt under paragraph (a) if the tax preparer has:

375.11 (1) had a professional license suspended or revoked for cause, not including a failure to  
375.12 pay a professional licensing fee, by any authority of any state, territory, or possession of  
375.13 the United States, including a commonwealth, or the District of Columbia, any federal court  
375.14 of record, or any federal agency, body, or board;

375.15 (2) irrespective of whether an appeal has been taken, been convicted of any crime  
375.16 involving dishonesty or breach of trust;

375.17 (3) been censured, suspended, or disbarred under United States Treasury Department  
375.18 Circular 230;

375.19 (4) been sanctioned by a court of competent jurisdiction, whether in a civil or criminal  
375.20 proceeding, including suits for injunctive relief, relating to any taxpayer's tax liability or  
375.21 the tax preparer's own tax liability, for:

375.22 (i) instituting or maintaining proceedings primarily for delay;

375.23 (ii) advancing frivolous or groundless arguments; or

375.24 (iii) failing to pursue available administrative remedies; or

375.25 (5) demonstrated a pattern of willful disreputable conduct by:

375.26 (i) failing to file a return that the tax preparer was required to file annually for two of  
375.27 the three immediately preceding tax periods; or

375.28 (ii) failing to file a return that the tax preparer was required to file more frequently than  
375.29 annually for three of the six immediately preceding tax periods.

375.30 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
375.31 31, 2017.

376.1 Sec. 10. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision  
376.2 to read:

376.3 Subd. 10. Powers additional. The powers and authority granted in this section are in  
376.4 addition to all other powers of the commissioner. The use of the powers granted in this  
376.5 section does not preclude the use of any other power or authority of the commissioner.

376.6 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
376.7 31, 2017.

376.8 Sec. 11. Minnesota Statutes 2016, section 270C.446, subdivision 2, is amended to read:

376.9 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of  
376.10 paragraph (b), the commissioner must publish lists of tax preparers as defined in section  
376.11 ~~289A.60, subdivision 13, paragraph (f) 270C.445, subdivision 2, paragraph (h),~~ who have  
376.12 been:

376.13 (1) convicted under section 289A.63 for returns or claims prepared as a tax preparer or;

376.14 (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13,  
376.15 paragraph (a);

376.16 (3) convicted for identity theft under section 609.527, or a similar statute, for a return  
376.17 filed with the commissioner, the Internal Revenue Service, or another state;

376.18 (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess  
376.19 of \$1,000;

376.20 (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph  
376.21 (b), that has become a final order; or

376.22 (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (1), for violating  
376.23 a cease and desist order.

376.24 (b) For the purposes of this section, tax preparers are not subject to publication if:

376.25 (1) an administrative or court action contesting the or appealing a penalty described in  
376.26 paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time  
376.27 when notice would be given under subdivision 3;

376.28 (2) an appeal period to contest the a penalty described in paragraph (a), clause (2), (4),  
376.29 or (6), has not expired; or

376.30 (3) the commissioner has been notified that the tax preparer is deceased.;

377.1        (4) an appeal period to contest a cease and desist order issued under section 270C.445,  
377.2        subdivision 6, paragraph (b), has not expired;

377.3        (5) an administrative or court action contesting or appealing a cease and desist order  
377.4        issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and  
377.5        is unresolved at the time when notice would be given under subdivision 3;

377.6        (6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been  
377.7        filed or served and is unresolved at the time when the notice would be given under  
377.8        subdivision 3; or

377.9        (7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3),  
377.10        has not expired.

377.11        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
377.12        31, 2017.

377.13        Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 3, is amended to read:

377.14        Subd. 3. **Notice to tax preparer.** (a) At least 30 days before publishing the name of a  
377.15        tax preparer subject to penalty publication under this section, the commissioner shall mail  
377.16        a written notice to the tax preparer, detailing the amount and nature of each penalty basis  
377.17        for the publication and the intended publication of the information listed in subdivision 4  
377.18        related to the penalty. The notice must be mailed by first class and certified mail sent to the  
377.19        tax preparer addressed to the last known address of the tax preparer. The notice must include  
377.20        information regarding the exceptions listed in subdivision 2, paragraph (b), and must state  
377.21        that the tax preparer's information will not be published if the tax preparer provides  
377.22        information establishing that subdivision 2, paragraph (b), prohibits publication of the tax  
377.23        preparer's name.

377.24        (b) Thirty days after the notice is mailed and if the tax preparer has not proved to the  
377.25        commissioner that subdivision 2, paragraph (b), prohibits publication, the commissioner  
377.26        may publish in a list of tax preparers subject to penalty the information about the tax preparer  
377.27        that is listed in subdivision 4.

377.28        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
377.29        31, 2017.

377.30        Sec. 13. Minnesota Statutes 2016, section 270C.446, subdivision 4, is amended to read:

377.31        Subd. 4. **Form of list.** The list may be published by any medium or method. The list  
377.32        must contain the name, associated business name or names, address or addresses, and

378.1 violation or violations ~~for which a penalty was imposed of that make~~ each tax preparer  
378.2 subject to penalty publication.

378.3 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
378.4 31, 2017.

378.5 Sec. 14. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

378.6 **Subd. 5. Removal from list.** The commissioner shall remove the name of a tax preparer  
378.7 from the list of tax preparers published under this section:

378.8 (1) when the commissioner determines that the name was included on the list in error;  
378.9 (2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner  
378.10 that the preparer fully paid all fines ~~and penalties~~ imposed, served any suspension, satisfied  
378.11 any sentence imposed, successfully completed any probationary period imposed, and  
378.12 successfully completed any remedial actions required by the commissioner, the State Board  
378.13 of Accountancy, or the Lawyers Board of Professional Responsibility; or  
378.14 (3) when the commissioner has been notified that the tax preparer is deceased.

378.15 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
378.16 31, 2017.

378.17 Sec. 15. Minnesota Statutes 2016, section 270C.447, subdivision 1, is amended to read:

378.18 **Subdivision 1. Commencement of action.** (a) Whenever it appears to the commissioner  
378.19 that a tax preparer doing business in Minnesota has engaged in any conduct described in  
378.20 subdivision 2, a civil action in the name of the state of Minnesota may be commenced to  
378.21 enjoin any person who is a tax return preparer doing business in this state from further  
378.22 engaging in any conduct described in subdivision 2 the conduct and enforce compliance.

378.23 (b) An action under this subdivision must be brought by the attorney general in:  
378.24 (1) the district court for the judicial district of the tax return preparer's residence or  
378.25 principal place of business, or in which the;  
378.26 (2) the district court for the judicial district of the residence of any taxpayer with respect  
378.27 to whose tax return the action is brought resides; or  
378.28 (3) Ramsey County District Court.

378.29 (c) The court may exercise its jurisdiction over the action separate and apart from any  
378.30 other action brought by the state of Minnesota against the tax return preparer or any taxpayer.

379.1     The court must grant a permanent injunction or other appropriate relief if the commissioner  
379.2     shows that the person has engaged in conduct constituting a violation of a law administered  
379.3     by the commissioner or a cease and desist order issued by the commissioner. The  
379.4     commissioner shall not be required to show irreparable harm.

379.5     **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
379.6     31, 2017.

379.7     Sec. 16. Minnesota Statutes 2016, section 270C.447, subdivision 2, is amended to read:

379.8     **Subd. 2. Injunction prohibiting specific conduct.** In an action under subdivision 1,  
379.9     the court may enjoin the person from further engaging in that conduct if the court finds that  
379.10    a tax return preparer has:

379.11    (1) engaged in any conduct subject to a civil penalty under section 289A.60 ~~or~~, a criminal  
379.12    penalty under section 289A.63, or a criminal penalty under section 609.527 or a similar  
379.13    statute for a return filed with the commissioner, the Internal Revenue Service, or another  
379.14    state;

379.15    (2) misrepresented the preparer's eligibility to practice before the Department of Revenue,  
379.16    or ~~otherwise~~ misrepresented the preparer's experience or education as a tax ~~return~~ preparer;

379.17    (3) guaranteed the payment of any tax refund or the allowance of any tax credit; ~~or~~

379.18    (4) violated a cease and desist order issued by the commissioner; or

379.19    (4) (5) engaged in any other fraudulent or deceptive conduct that substantially interferes  
379.20    with the proper administration of a law administered by the commissioner, and injunctive  
379.21    relief is appropriate to prevent the recurrence of that conduct.

379.22    the court may enjoin the person from further engaging in that conduct.

379.23     **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
379.24     31, 2017.

379.25     Sec. 17. Minnesota Statutes 2016, section 270C.447, subdivision 3, is amended to read:

379.26     **Subd. 3. Injunction prohibiting all business activities.** If the court finds that a tax  
379.27    ~~return~~ preparer has continually or repeatedly engaged in conduct described in subdivision  
379.28    2, and that an injunction prohibiting that conduct would not be sufficient to prevent the  
379.29    person's interference with the proper administration of a law administered by the  
379.30    commissioner, the court may enjoin the person from acting as a tax ~~return~~ preparer. The  
379.31    court may not enjoin the employer of a tax ~~return~~ preparer for conduct described in

380.1 subdivision 2 engaged in by one or more of the employer's employees unless the employer  
380.2 was also actively involved in that conduct.

380.3 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
380.4 31, 2017.

380.5 Sec. 18. Minnesota Statutes 2016, section 270C.447, is amended by adding a subdivision  
380.6 to read:

380.7 **Subd. 3a. Enforcement of cease and desist orders.** (a) Whenever the commissioner  
380.8 under subdivision 1 or 3 seeks to enforce compliance with a cease and desist order, the court  
380.9 must consider the allegations in the cease and desist order conclusively established if the  
380.10 order is a final order.

380.11 (b) If the court finds the tax preparer was not in compliance with a cease and desist order,  
380.12 the court may impose a further civil penalty against the tax preparer for contempt in an  
380.13 amount up to \$10,000 for each violation and may grant any other relief the court determines  
380.14 is just and proper in the circumstances. A civil penalty imposed by a court under this section  
380.15 may be collected and enforced by the commissioner as an income tax liability.

380.16 (c) The court may not require the commissioner to post a bond in an action or proceeding  
380.17 under this section.

380.18 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
380.19 31, 2017.

380.20 Sec. 19. Minnesota Statutes 2016, section 289A.60, subdivision 13, is amended to read:

380.21 **Subd. 13. Penalties for tax return preparers.** (a) If an understatement of liability with  
380.22 respect to a return or claim for refund is due to a reckless disregard of laws and rules or  
380.23 willful attempt in any manner to understate the liability for a tax by a person who is a tax  
380.24 ~~return~~ preparer with respect to the return or claim, the person shall pay to the commissioner  
380.25 a penalty of \$500. If a part of a ~~property tax refund~~ claim filed under section 290.0677,  
380.26 subdivision 1, or chapter 290A is excessive due to a reckless disregard or willful attempt  
380.27 in any manner to overstate the claim for relief allowed under chapter 290A by a person who  
380.28 is a tax ~~refund or return~~ preparer, the ~~person~~ tax preparer shall pay to the commissioner a  
380.29 penalty of \$500 with respect to the claim. These penalties may not be assessed against the  
380.30 employer of a tax ~~return~~ preparer unless the employer was actively involved in the reckless  
380.31 disregard or willful attempt to understate the liability for a tax or to overstate the claim for

381.1 refund. These penalties are income tax liabilities and may be assessed at any time as provided  
381.2 in section 289A.38, subdivision 5.

381.3 (b) A civil action in the name of the state of Minnesota may be commenced to enjoin  
381.4 any person who is a tax ~~return~~ preparer doing business in this state as provided in section  
381.5 270C.447.

381.6 (c) The commissioner may terminate or suspend a tax preparer's authority to transmit  
381.7 returns electronically to the state, if the commissioner determines that the tax preparer has  
381.8 engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision  
381.9 or has been convicted under section 289A.63.

381.10 (d) For purposes of this subdivision, the term "understatement of liability" means an  
381.11 understatement of the net amount payable with respect to a tax imposed by state tax law,  
381.12 or an overstatement of the net amount creditable or refundable with respect to a tax. The  
381.13 determination of whether or not there is an understatement of liability must be made without  
381.14 regard to any administrative or judicial action involving the taxpayer. For purposes of this  
381.15 subdivision, the amount determined for underpayment of estimated tax under either section  
381.16 289A.25 or 289A.26 is not considered an understatement of liability.

381.17 (e) For purposes of this subdivision, the term "overstatement of claim" means an  
381.18 overstatement of the net amount refundable with respect to a claim ~~for property tax relief~~  
381.19 ~~provided by~~ filed under section 290.0677, subdivision 1, or chapter 290A. The determination  
381.20 of whether or not there is an overstatement of a claim must be made without regard to  
381.21 administrative or judicial action involving the claimant.

381.22 (f) For purposes of this section, the term "~~tax refund or return preparer~~" means an  
381.23 ~~individual who prepares for compensation, or who employs one or more individuals to~~  
381.24 ~~prepare for compensation, a return of tax, or a claim for refund of tax. The preparation of~~  
381.25 ~~a substantial part of a return or claim for refund is treated as if it were the preparation of~~  
381.26 ~~the entire return or claim for refund. An individual is not considered a tax return preparer~~  
381.27 ~~merely because the individual:~~

381.28 (1) ~~gives typing, reproducing, or other mechanical assistance;~~

381.29 (2) ~~prepares a return or claim for refund of the employer, or an officer or employee of~~  
381.30 ~~the employer, by whom the individual is regularly and continuously employed;~~

381.31 (3) ~~prepares a return or claim for refund of any person as a fiduciary for that person; or~~

382.1        ~~(4) prepares a claim for refund for a taxpayer in response to a tax order issued to the~~  
382.2 ~~taxpayer. "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision~~  
382.3 ~~2, paragraph (h).~~

382.4        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
382.5 31, 2017.

382.6        Sec. 20. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

382.7        **Subd. 28. Preparer identification number.** ~~Any Minnesota individual income tax return~~  
382.8 ~~or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision~~  
382.9 ~~13, paragraph (f), shall bear the identification number the preparer is required to use federally~~  
382.10 ~~under section 6109(a)(4) of the Internal Revenue Code.~~ (a) Each of the following that is  
382.11 prepared by a tax preparer must include the tax preparer's tax identification number:

382.12        (1) a tax return required to be filed under this chapter;

382.13        (2) a claim filed under section 290.0677, subdivision 1, or chapter 290A; and

382.14        (3) a claim for refund of an overpayment.

382.15        (b) A tax preparer is not required to include their preparer tax identification number on  
382.16 a filing if the number is not required in the forms or filing requirements provided by the  
382.17 commissioner.

382.18        (c) A tax refund or return preparer who prepares a Minnesota individual income tax  
382.19 return or claim for refund and fails to include the required preparer tax identification number  
382.20 on the return or claim as required by this section is subject to a penalty of \$50 for each  
382.21 failure.

382.22        (d) A tax preparer who fails to include the preparer tax identification number as required  
382.23 by this section, and who is required to have a valid preparer tax identification number issued  
382.24 under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to  
382.25 a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is  
382.26 not subject to the penalty in paragraph (c).

382.27        (e) For the purposes of this subdivision, "tax preparer" has the meaning given in section  
382.28 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means  
382.29 the number the tax preparer is required to use federally under section 6109(a)(4) of the  
382.30 Internal Revenue Code.

382.31        **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
382.32 31, 2017.

383.1 Sec. 21. **REVISOR'S INSTRUCTION.**

383.2 (a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in  
 383.3 column A to the references listed in column B.

	<u>Column A</u>	<u>Column B</u>
383.5	<u>270C.445, subdivision 3a</u>	<u>270C.4451, subdivision 1</u>
383.6	<u>270C.445, subdivision 4</u>	<u>270C.4451, subdivision 2</u>
383.7	<u>270C.445, subdivision 4a</u>	<u>270C.4451, subdivision 3</u>
383.8	<u>270C.445, subdivision 4b</u>	<u>270C.4451, subdivision 4</u>
383.9	<u>270C.445, subdivision 5b</u>	<u>270C.4451, subdivision 5</u>

383.10 (b) The revisor shall make necessary cross-reference changes in Minnesota Statutes and  
 383.11 Minnesota Rules consistent with the renumbering of Minnesota Statutes, section 270C.445,  
 383.12 subdivisions 3a, 4, 4a, 4b, and 5b.

383.13 (c) The revisor shall publish the statutory derivations of the laws renumbered in this act  
 383.14 in Laws of Minnesota and report the derivations in Minnesota Statutes.

383.15 (d) If Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b, are further  
 383.16 amended in the 2017 legislative session, the revisor shall codify the amendments in a manner  
 383.17 consistent with this act. The revisor may make necessary changes to sentence structure to  
 383.18 preserve the meaning of the text.

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

383.20 Sec. 22. **REPEALER.**

383.21 Minnesota Statutes 2016, sections 270C.445, subdivision 1; and 270C.447, subdivision  
 383.22 4, are repealed.

383.23 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 383.24 31, 2017."

383.25 Delete the title and insert:

383.26 "A bill for an act  
 383.27 relating to financing and operation of state and local government; making changes  
 383.28 to individual income, corporate franchise, estate, property, sales and use, excise,  
 383.29 mineral, tobacco, special, local, and other miscellaneous taxes and tax-related  
 383.30 provisions; providing for new income tax subtractions, additions, and credits;  
 383.31 providing for a Social Security subtraction; providing section 179 expensing  
 383.32 conformity; providing a student loan credit; modifying the research and  
 383.33 development credit; establishing a first-time home buyer savings account program;  
 383.34 modifying the education credit and subtraction; providing a credit for donations  
 383.35 to fund K-12 scholarships; modifying the child and dependent care credit; modifying  
 383.36 residency definitions; providing estate tax conformity and modifying exemption

384.1 amount and rates; modifying debt service equalization revenue; establishing and  
384.2 modifying property tax exemptions and classifications; establishing school building  
384.3 bond agricultural credit; modifying state general levy; modifying certain local  
384.4 government aids; providing exemption from certain property taxes for a Major  
384.5 League Soccer stadium; authorizing assessor accreditation waivers; modifying  
384.6 provisions related to tax-forfeited land; modifying sales tax definitions and  
384.7 exemptions; providing sales tax exemptions; clarifying the appropriation for certain  
384.8 sales tax refunds; establishing sales tax collection duties for marketplace providers  
384.9 and certain retailers; dedicating certain sales and use tax revenues from the sale  
384.10 of fireworks; providing an exemption from sales and use taxes for a Major League  
384.11 Soccer stadium; providing sales tax exemptions for certain construction projects;  
384.12 modifying the exemption for Super Bowl admission, events, and parking; providing  
384.13 exemptions for suite licenses and stadium builder's licenses; authorizing certain  
384.14 tax increment financing authority; prohibiting municipalities from taxing paper or  
384.15 plastic bags; authorizing and modifying certain local sales and use taxes; restricting  
384.16 rail project expenditures; modifying provisions related to taconite; modifying taxes  
384.17 on tobacco products and cigarettes; providing for a private letter ruling program;  
384.18 modifying tax administration procedures; making minor policy, technical, and  
384.19 conforming changes; requiring reports; appropriating money; amending Minnesota  
384.20 Statutes 2016, sections 13.51, subdivision 2; 40A.18, subdivision 2; 69.021,  
384.21 subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision  
384.22 12; 116J.8737, subdivisions 5, 12; 116J.8738, subdivisions 3, 4; 123B.53,  
384.23 subdivisions 4, 5; 126C.17, subdivision 9; 127A.45, subdivision 10; 128C.24;  
384.24 174.03, subdivision 1b; 270.071, subdivisions 2, 7, 8, by adding a subdivision;  
384.25 270.072, subdivisions 2, 3, by adding a subdivision; 270.074, subdivision 1;  
384.26 270.078, subdivision 1; 270.12, by adding a subdivision; 270.82, subdivision 1;  
384.27 270A.03, subdivision 5; 270B.14, subdivision 1, by adding subdivisions; 270C.13,  
384.28 subdivision 1; 270C.171, subdivision 1; 270C.30; 270C.31, by adding a subdivision;  
384.29 270C.33, subdivisions 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2;  
384.30 270C.35, subdivisions 3, 4, by adding a subdivision; 270C.38, subdivision 1;  
384.31 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding subdivisions;  
384.32 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by adding a  
384.33 subdivision; 270C.72, subdivision 4; 270C.89, subdivision 1; 270C.9901; 271.06,  
384.34 subdivisions 2, 2a, 6, 7; 271.08, subdivision 1; 271.18; 272.02, subdivisions 9, 10,  
384.35 23, 86, by adding subdivisions; 272.0211, subdivision 1; 272.0213; 272.025,  
384.36 subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295,  
384.37 subdivision 4, by adding a subdivision; 272.115, subdivisions 1, as amended, 2,  
384.38 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121, by adding a  
384.39 subdivision; 273.124, subdivisions 13, 13d, 14, 21; 273.125, subdivision 8; 273.13,  
384.40 subdivisions 22, 23, 25, 34; 273.135, subdivision 1; 273.1392; 273.1393; 273.33,  
384.41 subdivisions 1, 2; 273.371; 273.372, subdivisions 2, 4, by adding subdivisions;  
384.42 274.01, subdivision 1; 274.014, subdivision 3; 274.13, subdivision 1; 274.135,  
384.43 subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065,  
384.44 subdivisions 1, 3; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.62,  
384.45 subdivision 2; 276.017, subdivision 3; 276.04, subdivision 2; 278.01, subdivision  
384.46 1; 279.01, subdivisions 1, 2, 3; 279.37, by adding a subdivision; 281.17; 281.173,  
384.47 subdivision 2; 281.174, subdivision 3; 282.01, subdivisions 1a, 1d, 4, by adding  
384.48 a subdivision; 282.016; 282.018, subdivision 1; 282.02; 282.04, subdivision 2;  
384.49 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08, subdivisions 11, 16,  
384.50 by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10, subdivision 1;  
384.51 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18, subdivision 1, by  
384.52 adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35;  
384.53 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40, subdivision 1; 289A.50,  
384.54 subdivisions 2a, 7; 289A.60, subdivisions 1, 13, 28, by adding a subdivision;  
384.55 289A.63, by adding a subdivision; 290.01, subdivision 7; 290.0131, subdivision  
384.56 10, as amended, by adding subdivisions; 290.0132, subdivisions 4, 21, by adding  
384.57 subdivisions; 290.0133, subdivision 12, as amended, by adding a subdivision;  
384.58 290.06, subdivision 22, by adding subdivisions; 290.067, subdivisions 1, 2b;

385.1 290.0671, subdivision 1, as amended; 290.0672, subdivision 1; 290.0674,  
385.2 subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, by adding  
385.3 a subdivision; 290.0692, by adding a subdivision; 290.081; 290.091, subdivision  
385.4 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.03,  
385.5 subdivision 3; 290A.10; 290A.19; 290C.03; 291.005, subdivision 1, as amended;  
385.6 291.016, subdivisions 2, 3; 291.03, subdivision 1; 291.075; 295.54, subdivision  
385.7 2; 295.55, subdivision 6; 296A.01, subdivisions 7, 12, 33, 42, by adding  
385.8 subdivisions; 296A.02, by adding a subdivision; 296A.07, subdivisions 1, 4;  
385.9 296A.08, subdivision 2; 296A.15, subdivisions 1, 4; 296A.17, subdivision 3;  
385.10 296A.19, subdivision 1; 296A.22, subdivision 9; 296A.26; 297A.61, subdivisions  
385.11 3, 34; 297A.66, subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivisions  
385.12 2, 4, 5, 6, by adding subdivisions; 297A.68, subdivisions 5, 9, 19, 35a, by adding  
385.13 a subdivision; 297A.70, subdivisions 4, 12, 14, by adding subdivisions; 297A.71,  
385.14 subdivision 44, by adding subdivisions; 297A.75, subdivisions 1, 2, 3, 5; 297A.82,  
385.15 subdivisions 4, 4a; 297A.94; 297A.9905; 297B.07; 297D.02; 297E.02, subdivisions  
385.16 3, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1;  
385.17 297F.01, subdivision 13a; 297F.05, subdivisions 1, 3a, 4a; 297F.09, subdivision  
385.18 1; 297F.23; 297G.03, by adding a subdivision; 297G.09, subdivision 1; 297G.22;  
385.19 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.30,  
385.20 subdivision 7, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions  
385.21 3, 4, 4c; 298.225, subdivision 1; 298.227; 298.24, subdivision 1; 298.28,  
385.22 subdivisions 2, 3, 5; 366.095, subdivision 1; 383B.117, subdivision 2; 410.32;  
385.23 412.301; 414.09, subdivision 2; 469.034, subdivision 2; 469.101, subdivision 1;  
385.24 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175, subdivision  
385.25 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision; 469.1763,  
385.26 subdivisions 1, 2, 3; 469.178, subdivision 7; 469.319, subdivision 5; 473.39, by  
385.27 adding subdivisions; 473H.09; 473H.17, subdivision 1a; 475.58, subdivision 3b;  
385.28 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124, subdivision 2;  
385.29 477A.013, subdivisions 1, 8, 9, 13, by adding a subdivision; 477A.03, subdivisions  
385.30 2a, 2b; 477A.12, subdivision 1; 477A.17; 477A.19, by adding subdivisions;  
385.31 504B.285, subdivision 1; 559.202, subdivision 2; 609.5316, subdivision 3; Laws  
385.32 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws  
385.33 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended,  
385.34 5; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as  
385.35 amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17,  
385.36 subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws  
385.37 2005, First Special Session chapter 3, article 5, sections 38, subdivisions 2, as  
385.38 amended, 4, as amended; 44, subdivisions 3, as amended, 4, 5, as amended; Laws  
385.39 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2008, chapter 366,  
385.40 article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended;  
385.41 Laws 2010, chapter 216, sections 12, as amended; 58, as amended; Laws 2014,  
385.42 chapter 308, article 6, sections 8, subdivision 1; 9; article 9, section 94; Laws 2016,  
385.43 chapter 187, section 5; proposing coding for new law in Minnesota Statutes,  
385.44 chapters 16A; 16B; 41B; 88; 117; 222; 270C; 273; 281; 289A; 290; 290B; 290C;  
385.45 293; 297A; 416; 459; 471; 473; 477A; proposing coding for new law as Minnesota  
385.46 Statutes, chapter 462D; repealing Minnesota Statutes 2016, sections 136A.129;  
385.47 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; 281.22;  
385.48 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a;  
385.49 289A.20, subdivision 3a; 290.06, subdivision 36; 290.067, subdivision 2; 290.9743;  
385.50 290.9744; 290C.02, subdivisions 5, 9; 290C.06; 291.03, subdivisions 8, 9, 10, 11;  
385.51 297F.05, subdivision 1a; 477A.085; 477A.20; Minnesota Rules, parts 8092.1400;  
385.52 8092.2000; 8100.0700; 8125.1300, subpart 3."

386.1 We request the adoption of this report and repassage of the bill.

386.2 House Conferees:

386.3 .....

386.4 Greg Davids

Steve Drazkowski

386.5 .....

386.6 Joe McDonald

Jerry Hertaus

386.7 .....

386.8 Paul Marquart

386.9 Senate Conferees:

386.10 .....

386.11 Roger C. Chamberlain

Gary H. Dahms

386.12 .....

386.13 Jeremy R. Miller

David H. Senjem

386.14 .....

386.15 Ann H. Rest