

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2437

03/17/2025 Authored by Davids and Gomez
The bill was read for the first time and referred to the Committee on Taxes
05/07/2025 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
05/09/2025 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
05/13/2025 Calendar for the Day
Bill was laid on the Table

- 1.1 A bill for an act
- 1.2 relating to taxation; modifying individual income taxes, corporate franchise taxes,
- 1.3 sales and use taxes, excise taxes, local sales and use taxes, property taxes, local
- 1.4 government aids, tax increment financing, and other miscellaneous taxes and
- 1.5 tax-related provisions; modifying the political contribution refund; modifying
- 1.6 subtractions; providing for direct free filing; modifying credits, assignments, and
- 1.7 transfers; modifying and providing for sales and use tax exemptions; modifying
- 1.8 excise taxes for sales of premium cigars outside of Minnesota; providing for license
- 1.9 endorsements for premium cigars; modifying accelerated payments for liquor
- 1.10 excise and tobacco excise taxes; modifying and providing for property tax
- 1.11 exemptions; modifying property tax classifications; providing for land bank
- 1.12 organizations; providing local government aid penalty forgiveness; modifying
- 1.13 aids; providing for special tax increment financing; modifying tax increment
- 1.14 financing provisions; modifying provisions related to public finance; modifying
- 1.15 provisions related to the Tax Expenditure Review Commission; increasing debt
- 1.16 issue limits; modifying penalties relating to property tax refunds and certificates
- 1.17 of rent paid; modifying payments for the Sustainable Forest Incentive Act;
- 1.18 modifying gross revenues and gross receipts taxes; modifying solid waste
- 1.19 management tax dedications and definitions; providing for land-value taxation
- 1.20 districts; repealing the tax on illegal cannabis and controlled substances; creating
- 1.21 a legislative task force on local sales and use taxes; providing transfers of money;
- 1.22 appropriating money; amending Minnesota Statutes 2024, sections 3.192; 3.8855,
- 1.23 subdivisions 2, 3, 4, 5, 7, 8; 10A.02, subdivision 11b; 10A.322, subdivision 4;
- 1.24 37.31, subdivision 1; 41B.0391, subdivision 4; 116U.27, subdivision 2; 270C.11,
- 1.25 subdivision 4; 270C.15; 270C.445, subdivisions 3, 6; 272.01, subdivision 2; 272.02,
- 1.26 subdivisions 7, 19, by adding subdivisions; 273.13, subdivisions 22, 25, 34; 273.38;
- 1.27 273.41; 289A.12, subdivision 18; 289A.20, subdivision 4; 289A.60, subdivision
- 1.28 12; 290.01, subdivision 19; 290.0132, subdivisions 26, 34, by adding subdivisions;
- 1.29 290.0134, subdivision 20; 290.06, subdivision 23; 290.0661, by adding a
- 1.30 subdivision; 290.0693, subdivisions 1, 4, 6, 8; 290.0695, subdivisions 1, 2, 3;
- 1.31 290A.03, subdivision 3; 290A.19; 290B.03, subdivision 1; 290B.04, subdivisions
- 1.32 3, 4; 290B.05, subdivision 1; 290C.07; 295.53, subdivision 4a; 295.54, subdivision
- 1.33 2; 295.81, subdivision 10; 297A.68, subdivisions 3, 40; 297A.71, subdivision 54;
- 1.34 297A.75, subdivisions 1, 2, 3; 297A.77, subdivision 3; 297A.94; 297A.99,
- 1.35 subdivisions 3a, 10; 297A.995, subdivisions 2, 10; 297E.06, subdivision 4; 297F.01,
- 1.36 by adding a subdivision; 297F.03, by adding a subdivision; 297F.04; 297F.06, by
- 1.37 adding a subdivision; 297F.09, subdivisions 2, 10; 297G.09, subdivisions 9, 10;
- 1.38 297H.01, subdivision 8; 297H.13, subdivision 2; 297I.20, subdivision 4; 373.40,

subdivision 2; 446A.086, subdivisions 1, 2; 462A.39, subdivision 5; 462A.40, subdivisions 2, 3; 462C.04, subdivision 2; 469.104; 469.154, subdivision 4; 469.174, subdivision 10; 469.175, subdivision 3; 469.176, subdivision 4n; 469.1761, subdivisions 1, 3; 469.1763, subdivisions 2, 3, 4, by adding a subdivision; 469.177, subdivision 1; 469.1812, by adding a subdivision; 469.1813, subdivisions 1, 6, by adding a subdivision; 474A.091, subdivisions 2, 2a; 475.521, subdivision 2; 609.902, subdivision 4; 641.23; Laws 2010, chapter 389, article 7, section 22, as amended; Laws 2013, chapter 143, article 9, section 21; Laws 2014, chapter 308, article 6, section 9, as amended; Laws 2017, First Special Session chapter 1, article 6, section 22; Laws 2023, chapter 1, sections 22; 28; Laws 2023, chapter 64, article 15, section 24; proposing coding for new law in Minnesota Statutes, chapters 289A; 297A; 428A; repealing Minnesota Statutes 2024, sections 13.4967, subdivisions 2a, 5; 290.0679; 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivisions 1, 1a, 2; 297D.10; 297D.11; 297D.12; 297D.13; 477A.32.

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

ARTICLE 1

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 10A.02, subdivision 11b, is amended to read:

Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may develop and maintain systems to enable treasurers to enter and store electronic records online for the purpose of complying with this chapter. Data entered into such systems by treasurers or their authorized agents is not government data under chapter 13 and may not be accessed or used by the board for any purpose without the treasurer's written consent. Data from such systems that has been submitted to the board as a filed report is government data under chapter 13.

(b) For purposes of administering the refund under section 290.06, subdivision 23, the board may access or use the following data entered and stored in an electronic reporting system and share the data with the commissioner of revenue: (1) the amount of the contribution; (2) the name and address of the person requesting the refund; (3) any unique identifier for the contribution; (4) the name and campaign identification number of the party or candidate that received the contribution; and (5) the date on which the contribution was received. Data accessed, used, or maintained by the board under this paragraph are classified as nonpublic data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective January 1, 2027.

3.1 Sec. 2. Minnesota Statutes 2024, section 10A.322, subdivision 4, is amended to read:

3.2 Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available
3.3 to a political party on request and to any candidate for whom an agreement under this section
3.4 is effective, ~~a supply of official~~ electronic refund ~~receipt forms~~ receipts that state in boldface
3.5 type that:

3.6 (1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in
3.7 section 290.06, subdivision 23; and

3.8 (2) if the contribution is to a candidate, that the candidate has signed an agreement to
3.9 limit campaign expenditures as provided in this section.

3.10 ~~The forms must provide duplicate copies of the receipt to be attached to the contributor's~~
3.11 ~~claim.~~ An electronic receipt must only be issued for a contribution of \$10 or more. Each
3.12 receipt must include a unique receipt validation number that allows the commissioner of
3.13 revenue to verify the information on the receipt with the Campaign Finance Board. A
3.14 political party or candidate may provide a printed copy of the electronic receipt to the
3.15 contributor.

3.16 (b) At least once a week, the board must provide the commissioner of revenue a receipt
3.17 validation report. For each contribution reported to the board during the week, the report
3.18 must include:

3.19 (1) the date and amount of the contribution;

3.20 (2) the name and address of the contributor;

3.21 (3) the name and campaign identification number of the party or candidate that received
3.22 the contribution; and

3.23 (4) the receipt validation number assigned to the contribution.

3.24 ~~(b) (c)~~ (c) The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to
3.25 any of the candidate's contributors by a candidate or treasurer of a candidate who did not
3.26 sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed
3.27 by the board.

3.28 ~~(e) (d)~~ (d) The willful issuance of an official refund receipt ~~form or a facsimile~~ to an
3.29 individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to
3.30 a civil penalty of up to \$3,000 imposed by the board.

3.31 ~~(d) (e)~~ (e) A violation of paragraph ~~(b) (c)~~ or ~~(e) (d)~~ is a misdemeanor.

(f) A receipt validation report and a receipt validation number prepared pursuant to this section are private data on individuals, as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2026.

Sec. 3. Minnesota Statutes 2024, section 41B.0391, subdivision 4, is amended to read:

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

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

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c);

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

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

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

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

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than ~~\$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for each taxable years beginning after~~ December 31, 2023 year. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. ~~Any amount authorized but not allocated for taxable years ending before January~~

~~1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022,~~ Any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by ~~September 30~~ May 31 of the taxable year is available for allocation to other credit allocations beginning on ~~October~~ June 1.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 4. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;

(2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's return when compensation for services rendered has been made;

(4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

6.1 (12) report a household income on a client's claim filed under chapter 290A that the tax
6.2 preparer knows or reasonably should know is not accurate;

6.3 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
6.4 13, 20, 20a, 26, or 28;

6.5 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
6.6 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

6.7 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
6.8 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

6.9 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
6.10 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

6.11 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
6.12 refund for tax preparation services;

6.13 (18) under any circumstances, withhold or fail to return to a client a document provided
6.14 by the client for use in preparing the client's return;

6.15 (19) take control or ownership of a client's refund by any means, including:

6.16 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
6.17 instrument, including an electronic version of a check;

6.18 (ii) directing an electronic or direct deposit of the refund into an account unless the
6.19 client's name is on the account; and

6.20 (iii) establishing or using an account in the preparer's name to receive a client's refund
6.21 through a direct deposit or any other instrument unless the client's name is also on the
6.22 account, ~~except that a taxpayer may assign the portion of a refund representing the Minnesota~~
6.23 ~~education credit available under section 290.0674 to a bank account without the client's~~
6.24 ~~name, as provided under section 290.0679;~~

6.25 (20) fail to act in the best interests of the client;

6.26 (21) fail to safeguard and account for any money handled for the client;

6.27 (22) fail to disclose all material facts of which the preparer has knowledge which might
6.28 reasonably affect the client's rights and interests;

6.29 (23) violate any provision of section 332.37;

6.30 (24) include any of the following in any document provided or signed in connection
6.31 with the provision of tax preparation services:

- 7.1 (i) a hold harmless clause;
- 7.2 (ii) a confession of judgment or a power of attorney to confess judgment against the
7.3 client or appear as the client in any judicial proceeding;
- 7.4 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
7.5 a debtor;
- 7.6 (iv) an assignment of or an order for payment of wages or other compensation for
7.7 services;
- 7.8 (v) a provision in which the client agrees not to assert any claim or defense otherwise
7.9 available;
- 7.10 (vi) a waiver of any provision of this section or a release of any obligation required to
7.11 be performed on the part of the tax preparer; or
- 7.12 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
7.13 a class basis; or
- 7.14 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
7.15 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
7.16 form that may be retained by the client.

7.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.18 31, 2025.

7.19 **Sec. 5. [289A.081] DIRECT FREE FILING OF INDIVIDUAL RETURNS.**

7.20 **Subdivision 1. Department of Revenue to establish direct file system.** (a) The
7.21 commissioner must establish an electronic filing system through which taxpayers may
7.22 directly file an electronic individual income tax return free of charge. The commissioner
7.23 may contract with a software vendor to develop the filing system required under this section,
7.24 but the vendor must not offer paid tax preparation services for Minnesota individual income
7.25 taxpayers for tax years that the system is active, and the filing system must be made available
7.26 on the Department of Revenue website.

7.27 (b) To the extent feasible, the commissioner must coordinate the state filing system
7.28 under this section with any direct file systems established for filing federal tax returns.

7.29 (c) The commissioner must make the system required under this section available for
7.30 taxable years beginning after December 31, 2025, and at a minimum must allow taxpayers
7.31 to claim:

8.1 (1) the marriage penalty credit under section 290.0675;

8.2 (2) the education credit under section 290.0674;

8.3 (3) the child and working family credits under sections 290.0661 and 290.0671;

8.4 (4) the dependent care credit under section 290.067;

8.5 (5) the student loan credit under section 290.0682; and

8.6 (6) the renter's credit under section 290.0693.

8.7 Subd. 2. **Transfer; fiscal year 2028.** (a) \$2,397,000 in fiscal year 2028 is transferred

8.8 from the general fund to the tax filing modernization account in the special revenue fund

8.9 for the free filing system under this section. This is a onetime transfer and the amount to be

8.10 transferred in fiscal year 2029 and later is \$0.

8.11 (b) This subdivision expires July 1, 2028.

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

8.13 Sec. 6. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision

8.14 to read:

8.15 Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of

8.16 indebtedness awarded to a claimant under section 332.74, subdivision 3, is a subtraction.

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

8.18 31, 2024.

8.19 Sec. 7. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision

8.20 to read:

8.21 Subd. 37. **Student loan education assistance paid by critical access dental clinics.** (a)

8.22 The amount of student loan educational assistance payments that is received from a critical

8.23 access dental clinic is a subtraction.

8.24 (b) For the purposes of this subdivision, the following terms have the meanings given.

8.25 (c) "Critical access dental clinic" means a dentist or dental clinic that is designated as a

8.26 critical access dental provider under section 256B.76, subdivision 4.

8.27 (d) "Student loan educational assistance payments" means payments by an employer on

8.28 the education loan of an employee that are included in the definition of educational assistance

8.29 under section 127(c)(1)(B) of the Internal Revenue Code, disregarding the expiration of

9.1 that clause. Student loan educational assistance payments are limited to amounts not excluded
9.2 from gross income under section 127(a)(2) of the Internal Revenue Code.

9.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.4 31, 2025.

9.5 Sec. 8. Minnesota Statutes 2024, section 290.06, subdivision 23, is amended to read:

9.6 Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer
9.7 may claim a refund equal to the amount of the taxpayer's contributions made in the calendar
9.8 year to candidates and to a political party. The maximum total refund per calendar year for
9.9 an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed
9.10 \$150. The commissioner must not issue a refund, whether in one payment or in aggregate,
9.11 to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A
9.12 refund of a contribution is allowed only if the taxpayer files:

9.13 (1) a form required by the commissioner and attaches to the form a copy of an official
9.14 refund receipt form issued by the candidate or party and signed by the candidate, the treasurer
9.15 of the candidate's principal campaign committee, or the chair or treasurer of the party unit,
9.16 after the contribution was received. The receipt forms must be numbered, and the data on
9.17 the receipt that are not public must be made available to the campaign finance and public
9.18 disclosure board upon its request; or

9.19 (2) a claim using the electronic filing system authorized in paragraph (i).

9.20 The form or claim must include one or more unique receipt validation numbers from receipts
9.21 issued pursuant to section 10A.322, subdivision 4.

9.22 (b) A claim must be filed with the commissioner no sooner than January 1 of the calendar
9.23 year in which the contribution was made and no later than April 15 of the calendar year
9.24 following the calendar year in which the contribution was made. A taxpayer may file only
9.25 one claim per calendar year. A claim must be for a minimum of \$10. Amounts paid by the
9.26 commissioner after June 15 of the calendar year following the calendar year in which the
9.27 contribution was made must include interest at the rate specified in section 270C.405.

9.28 ~~(b)~~ (c) No refund is allowed under this subdivision for a contribution to a candidate
9.29 unless the candidate:

9.30 (1) has signed an agreement to limit campaign expenditures as provided in section
9.31 10A.322;

10.1 (2) is seeking an office for which voluntary spending limits are specified in section
10.2 10A.25; and

10.3 (3) has designated a principal campaign committee.

10.4 This subdivision does not limit the campaign expenditures of a candidate who does not
10.5 sign an agreement but accepts a contribution for which the contributor improperly claims
10.6 a refund.

10.7 ~~(e)~~ (d) For purposes of this subdivision, "political party" means a major political party
10.8 as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion
10.9 on the income tax or property tax refund form under section 10A.31, subdivision 3a.

10.10 A "major party" or "minor party" includes the aggregate of that party's organization
10.11 within each house of the legislature, the state party organization, and the party organization
10.12 within congressional districts, counties, legislative districts, municipalities, and precincts.

10.13 "Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a
10.14 candidate for judicial office.

10.15 "Contribution" means a gift of money.

10.16 ~~(d)~~ (e) The commissioner shall make copies of the form available to the public and
10.17 candidates upon request.

10.18 ~~(e)~~ (f) The following data collected or maintained by the commissioner under this
10.19 subdivision are private: the identities of individuals claiming a refund, the identities of
10.20 candidates to whom those individuals have made contributions, and the amount of each
10.21 contribution.

10.22 ~~(f)~~ (g) The commissioner shall report to the campaign finance and public disclosure
10.23 board by each August 1 a summary showing the total number and aggregate amount of
10.24 political contribution refunds made on behalf of each candidate and each political party.
10.25 These data are public.

10.26 ~~(g)~~ (h) The amount necessary to pay claims for the refund provided in this section is
10.27 appropriated from the general fund to the commissioner of revenue.

10.28 ~~(h) For a taxpayer who files a claim for refund via the Internet or other electronic means,~~
10.29 ~~the commissioner may accept the number on the official receipt as documentation that a~~
10.30 ~~contribution was made rather than the actual receipt as required by paragraph (a) (i) The~~
10.31 commissioner must establish an electronic filing system by which refunds are claimed.

11.1 **EFFECTIVE DATE.** This section is effective for contributions made after December
11.2 31, 2026.

11.3 Sec. 9. Minnesota Statutes 2024, section 290.0661, is amended by adding a subdivision
11.4 to read:

11.5 Subd. 3a. **Baby bonus.** (a) The credit amount under subdivision 3 is increased by \$100
11.6 for each qualifying child of the taxpayer that was born during the taxable year.

11.7 (b) The commissioner must disregard credit amounts under this subdivision for the
11.8 purposes of determining a taxpayer's minimum credit amount under subdivision 9.

11.9 (c) The commissioner may establish a process to allow a taxpayer to request an advance
11.10 payment of the additional amount under this subdivision.

11.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.12 31, 2027.

11.13 Sec. 10. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

11.14 Subdivision 1. **Definitions.** (a) For ~~purpose~~ purposes of this section, the following terms
11.15 have the meanings given them.

11.16 (b) "Credit certificate" means the certificate issued by the commissioner of transportation
11.17 under subdivision 3, paragraph (a).

11.18 ~~(b)~~ (c) "Eligible taxpayer" means any railroad that is classified by the United States
11.19 Surface Transportation Board as a Class II or Class III railroad.

11.20 ~~(e)~~ (d) "Eligible transferee" means any taxpayer subject to tax under this chapter or
11.21 chapter 297I.

11.22 ~~(d)~~ (e) "Qualified railroad reconstruction or replacement expenditures" means gross
11.23 expenditures in the taxable year for maintenance, reconstruction, or replacement of railroad
11.24 infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related
11.25 structures owned or leased by a Class II or Class III railroad in Minnesota as of January 1,
11.26 2021. Qualified railroad reconstruction or replacement expenditures also includes new
11.27 construction of industrial leads, switches, spurs and sidings and extensions of existing sidings
11.28 in Minnesota by a Class II or Class III railroad.

11.29 (f) "Transfer credit certificate" means the certificate issued to a transferee by the
11.30 commissioner under subdivision 3, paragraph (d).

12.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.2 31, 2024.

12.3 Sec. 11. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

12.4 Subd. 3. ~~Transferability~~ **Credit certificates; written agreement required; credit**
12.5 **certificate transferability.** (a) To qualify for a credit under this section, an eligible taxpayer
12.6 must apply to the commissioner of transportation for a credit certificate. The application
12.7 for the credit certificate must be in the form and manner prescribed by the commissioner
12.8 of transportation, in consultation with the commissioner. If the application is approved, the
12.9 commissioner of transportation must issue the credit certificate to the eligible taxpayer
12.10 within 30 days of receipt of the application. The credit certificate must state the number of
12.11 miles of qualified railroad reconstruction or replacement expenditures in the taxable year
12.12 and the total amount of credit calculated under subdivision 2, paragraph (a). The
12.13 commissioner of transportation must provide a copy of the credit certificate to the
12.14 commissioner of revenue. The commissioner of transportation must not issue more than
12.15 one credit certificate to an eligible taxpayer in a taxable year.

12.16 (b) By written agreement, an eligible taxpayer may transfer the credit allowed under
12.17 this section by written agreement to an eligible transferee. The amount of the transferred
12.18 credit is limited to the unused, remaining portion of the credit. as follows:

12.19 (1) any amount of the credit allowed that is stated in the credit certificate before any of
12.20 the credit is claimed; or

12.21 (2) the entire amount of the credit carryover in each of the five succeeding taxable years.

12.22 ~~(b)~~ (c) The eligible taxpayer and the eligible transferee must jointly file a copy of the
12.23 written transfer agreement with the commissioner within 30 days of the transfer. The written
12.24 agreement must contain the name, address, and taxpayer identification number of the parties
12.25 to the transfer; the taxable year the eligible taxpayer incurred the qualified expenditures;
12.26 the amount of credit being transferred; and the taxable year or years for which the transferred
12.27 credit may be claimed.

12.28 ~~(e)~~ (d) The commissioner must issue a transfer credit certificate to the transferee within
12.29 30 days of the joint filing of a copy of the written transfer agreement with the commissioner.

12.30 ~~(d) In the case of an audit or assessment, the transferee is liable for repayment of credits~~
12.31 ~~claimed in excess of the allowed amount.~~

12.32 (e) An eligible taxpayer must not transfer a credit to an eligible transferee more than
12.33 once in a taxable year.

13.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.2 31, 2024.

13.3 Sec. 12. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

13.4 Subd. 3. **Income.** (a) "Income" means the sum of the following:

13.5 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

13.6 (2) the sum of the following amounts to the extent not included in clause (1):

13.7 (i) all nontaxable income;

13.8 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,
13.9 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss
13.10 carryover allowed under section 469(b) of the Internal Revenue Code;

13.11 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
13.12 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
13.13 Code;

13.14 (iv) cash public assistance and relief;

13.15 (v) any pension or annuity (including railroad retirement benefits, all payments received
13.16 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
13.17 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
13.18 by the claimant or spouse and which funding payments were excluded from federal adjusted
13.19 gross income in the years when the payments were made;

13.20 (vi) interest received from the federal or a state government or any instrumentality or
13.21 political subdivision thereof;

13.22 (vii) workers' compensation;

13.23 (viii) nontaxable strike benefits;

13.24 (ix) the gross amounts of payments received in the nature of disability income or sick
13.25 pay as a result of accident, sickness, or other disability, whether funded through insurance
13.26 or otherwise;

13.27 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
13.28 1986, as amended through December 31, 1995;

13.29 (xi) contributions made by the claimant to an individual retirement account, including
13.30 a qualified voluntary employee contribution; simplified employee pension plan;
13.31 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of

14.1 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
14.2 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
14.3 the claimant and spouse;

14.4 (xii) to the extent not included in federal adjusted gross income, distributions received
14.5 by the claimant or spouse from a traditional or Roth style retirement account or plan;

14.6 (xiii) nontaxable scholarship or fellowship grants;

14.7 (xiv) alimony received to the extent not included in the recipient's income;

14.8 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
14.9 Code;

14.10 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
14.11 Code; and

14.12 (xvii) the amount deducted for certain expenses of elementary and secondary school
14.13 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

14.14 In the case of an individual who files an income tax return on a fiscal year basis, the
14.15 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in
14.16 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced
14.17 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
14.18 or carryforward allowed for the year.

14.19 (b) "Income" does not include:

14.20 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

14.21 (2) amounts of any pension or annuity which was exclusively funded by the claimant
14.22 or spouse and which funding payments were not excluded from federal adjusted gross
14.23 income in the years when the payments were made;

14.24 (3) to the extent included in federal adjusted gross income, amounts contributed by the
14.25 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed
14.26 the retirement base amount reduced by the amount of contributions excluded from federal
14.27 adjusted gross income, but not less than zero;

14.28 (4) surplus food or other relief in kind supplied by a governmental agency;

14.29 (5) relief granted under this chapter;

14.30 (6) child support payments received under a temporary or final decree of dissolution or
14.31 legal separation;

15.1 (7) restitution payments received by eligible individuals and excludable interest as
15.2 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
15.3 Public Law 107-16;

15.4 (8) alimony paid; ~~or~~

15.5 (9) veterans disability compensation paid under title 38 of the United States Code; or

15.6 (10) to the extent included in federal adjusted gross income, the amount of discharge of
15.7 indebtedness awarded to the claimant under section 332.74, subdivision 3.

15.8 (c) The sum of the following amounts may be subtracted from income:

15.9 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

15.10 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

15.11 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

15.12 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

15.13 (5) for the claimant's fifth dependent, the exemption amount; and

15.14 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
15.15 before December 31 of the year for which the taxes were levied, the exemption amount.

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

15.17 (1) "exemption amount" means the exemption amount under section 290.0121,
15.18 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

15.19 (2) "retirement base amount" means the deductible amount for the taxable year for the
15.20 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for
15.21 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard
15.22 to whether the claimant or spouse claimed a deduction; and

15.23 (3) "traditional or Roth style retirement account or plan" means retirement plans under
15.24 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

15.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
15.26 in 2026.

15.27 Sec. 13. Minnesota Statutes 2024, section 462A.39, subdivision 5, is amended to read:

15.28 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 50 percent
15.29 of the rental housing development project cost. The commissioner shall not award a grant
15.30 or deferred loans to an eligible project area without certification by the eligible project area

16.1 that the amount of the grant or deferred loans shall be matched by a local unit of government,
16.2 business, nonprofit organization, or federally recognized Tribe, with \$1 for every \$2 provided
16.3 in grant or deferred loans funds. If an eligible project area is selected for an award of a grant
16.4 or loan under section 462A.40 and the award is funded by contributions to the Minnesota
16.5 housing tax credit account that are intended for a specific project in the eligible project area,
16.6 the amount of the award may count toward the matching requirement of this subdivision.

16.7 Sec. 14. Minnesota Statutes 2024, section 462A.40, subdivision 2, is amended to read:

16.8 Subd. 2. **Use of funds; grant and loan program.** (a) The agency may award grants and
16.9 loans to be used for workforce housing and for multifamily and single family developments
16.10 for persons and families of low and moderate income. Allowable use of the funds include:
16.11 gap financing, as defined in section 462A.33, subdivision 1; new construction; acquisition;
16.12 rehabilitation; demolition or removal of existing structures; construction financing; permanent
16.13 financing; interest rate reduction; services enumerated in section 462A.37, subdivision 1,
16.14 paragraph (k), in existing supportive housing as defined in that paragraph; and refinancing.

16.15 (b) The agency may give preference for grants and loans to comparable proposals that
16.16 include regulatory changes or waivers that result in identifiable cost avoidance or cost
16.17 reductions, including but not limited to increased density, flexibility in site development
16.18 standards, or zoning code requirements.

16.19 Sec. 15. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:

16.20 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
16.21 may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency
16.22 must not award a grant or a loan to a disqualified individual or disqualified business.

16.23 (b) For the purposes of this subdivision disqualified individual means:

16.24 (1) an individual who or an individual whose immediate family member made a
16.25 contribution to the account in the current or prior taxable year and received a credit certificate;

16.26 (2) an individual who or an individual whose immediate family member owns the housing
16.27 for which the grant or loan will be used;

16.28 (3) an individual who meets the following criteria:

16.29 (i) the individual is an officer or principal of a business entity; and

16.30 (ii) that business entity made a contribution to the account in the current or previous
16.31 taxable year and received a credit certificate; or

17.1 (4) an individual who meets the following criteria:

17.2 (i) the individual directly owns, controls, or holds the power to vote 20 percent or more
17.3 of the outstanding securities of a business entity; and

17.4 (ii) that business entity made a contribution to the account in the current or previous
17.5 taxable year and received a credit certificate.

17.6 (c) For the purposes of this subdivision disqualified business means a business entity
17.7 that:

17.8 (1) made a contribution to the account in the current or prior taxable year and received
17.9 a credit certificate;

17.10 (2) has an officer or principal who is an individual who made a contribution to the
17.11 account in the current or previous taxable year and received a credit certificate; or

17.12 (3) meets the following criteria:

17.13 (i) the business entity is directly owned, controlled, or is subject to the power to vote 20
17.14 percent or more of the outstanding securities by an individual or business entity; and

17.15 (ii) that controlling individual or business entity made a contribution to the account in
17.16 the current or previous taxable year and received a credit certificate.

17.17 (d) For purposes of this subdivision, "immediate family" means the taxpayer's spouse,
17.18 parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married
17.19 couple filing a joint return, the limitations in this subdivision apply collectively to the
17.20 taxpayer and spouse.

17.21 (e) For purposes of this subdivision, "officer or principal" excludes an individual serving
17.22 as a volunteer board member of a nonprofit organization governed by chapter 317A.

17.23 ~~(e)~~ (f) Before applying for a grant or loan, all recipients must sign a disclosure that the
17.24 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
17.25 Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency
17.26 may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

17.27 ~~(f)~~ (g) The agency may award grants or loans to a city as defined in section 462A.03,
17.28 subdivision 21; a federally recognized American Indian tribe or subdivision located in
17.29 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
17.30 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
17.31 authority or agency authorized by law to exercise any of the powers granted by sections
17.32 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and

18.1 paragraphs (a) to ~~(e)~~ (f) and ~~(g)~~ (h) of this subdivision, regarding the use of funds and eligible
18.2 recipients apply to grants and loans awarded under this paragraph.

18.3 ~~(g)~~ (h) Eligible recipients must use the funds to serve households that meet the income
18.4 limits as provided in section 462A.33, subdivision 5. This requirement does not apply to a
18.5 project meeting the requirements of section 462A.39, subdivision 4, paragraph (a).

18.6 Sec. 16. Laws 2023, chapter 64, article 15, section 24, is amended to read:

18.7 Sec. 24. **TAX FILING MODERNIZATION.**

18.8 Subdivision 1. **Account established; appropriation.** A tax filing modernization account
18.9 is established in the special revenue fund. All funds in the tax filing modernization account
18.10 are appropriated to the commissioner of revenue for the purposes specified in subdivision
18.11 3.

18.12 Subd. 2. **Transfer.** \$5,000,000 in fiscal year 2024 is transferred to the tax filing
18.13 modernization account from the general fund. This is a onetime transfer.

18.14 Subd. 3. **Eligible uses.** ~~(a) The commissioner of revenue may use funds in the tax filing~~
18.15 ~~modernization account to modernize the state process for filing individual income tax returns,~~
18.16 ~~including:~~

18.17 ~~(1) updating and reviewing changes to individual income tax forms resulting from this~~
18.18 ~~act;~~

18.19 ~~(2) coordinating the process for filing state individual income tax returns with free filing~~
18.20 ~~options for the federal income tax; and~~

18.21 ~~(3) for development and implementation of state free filing options for the individual~~
18.22 ~~income tax, consistent with Minnesota Statutes, section 289A.081.~~

18.23 ~~(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in~~
18.24 ~~the tax filing modernization account to make taxpayer assistance grants to eligible~~
18.25 ~~organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.~~

18.26 Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account
18.27 cancel to the general fund on June 30, ~~2027~~ 2029.

19.1 Sec. 17. **CORRECTION OF ERRORS; CERTAIN RETIREMENT**

19.2 **CONTRIBUTIONS.**

19.3 An annuity contract provider that receives a contribution from an individual to an
19.4 individual retirement plan on an annuity contract no later than the time prescribed by law
19.5 under section 219(f)(3) of the Internal Revenue Code, must treat the contribution as having
19.6 been made on account of the preceding taxable year. This section applies only if the annuity
19.7 contract provider receives notification from the individual indicating the tax year designation
19.8 for the contribution within three years from the original due date for filing the return for
19.9 that taxable year.

19.10 **EFFECTIVE DATE.** This section is effective retroactively for contributions made in
19.11 calendar year 2023 and designated to apply to the tax year 2022 contribution limitation.

19.12 Sec. 18. **STIPEND PAYMENTS TO SEIU HEALTHCARE MINNESOTA & IOWA**
19.13 **BARGAINING UNIT MEMBERS.**

19.14 (a) The commissioner of human services shall issue stipend payments to collective
19.15 bargaining unit members as required by the labor agreement between the state of Minnesota
19.16 and the Service Employees International Union (SEIU) Healthcare Minnesota & Iowa.

19.17 (b) The definitions in Minnesota Statutes, section 290.01, apply to this section.

19.18 (c) For the purposes of this section, "subtraction" has the meaning given in Minnesota
19.19 Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this
19.20 section.

19.21 (d) The amount of stipend payments received by SEIU Healthcare Minnesota & Iowa
19.22 collective bargaining unit members under this section is a subtraction.

19.23 (e) The amount of stipend payments received by SEIU Healthcare Minnesota & Iowa
19.24 collective bargaining unit members under this section is excluded from income as defined
19.25 in Minnesota Statutes, sections 290.0693, subdivision 1, paragraph (i), and 290A.03,
19.26 subdivision 3.

19.27 (f) Notwithstanding any law to the contrary, stipend payments under this section must
19.28 not be considered income, assets, or personal property for purposes of determining or
19.29 recertifying eligibility for:

19.30 (1) child care assistance programs under Minnesota Statutes, chapter 142E;

19.31 (2) general assistance, Minnesota supplemental aid, and food support under Minnesota
19.32 Statutes, chapter 256D;

20.1 (3) housing support under Minnesota Statutes, chapter 256I;

20.2 (4) the Minnesota family investment program under Minnesota Statutes, chapter 142G;

20.3 and

20.4 (5) economic assistance programs under Minnesota Statutes, chapter 256P.

20.5 (g) The commissioner of human services must not consider stipend payments under this

20.6 section as income or assets under Minnesota Statutes, section 256B.056, subdivision 1a,

20.7 paragraph (a); 3; or 3c, or for persons with eligibility determined under Minnesota Statutes,

20.8 section 256B.057, subdivision 3, 3a, or 3b.

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

20.10 Sec. 19. **REPEALER.**

20.11 Minnesota Statutes 2024, sections 13.4967, subdivision 2a; and 290.0679, are repealed.

20.12 **EFFECTIVE DATE.** This section is effective for assignments after December 31, 2025.

20.13 **ARTICLE 2**

20.14 **SALES AND USE TAXES; EXCISE TAXES; LOCAL SALES TAXES**

20.15 Section 1. Minnesota Statutes 2024, section 270C.15, is amended to read:

20.16 **270C.15 REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL** 20.17 **REVENUE FUND.**

20.18 Subdivision 1. **Fund established; money appropriated.** A Revenue Department service
20.19 and recovery special revenue fund is created for the purpose of recovering the costs of
20.20 furnishing government data and related services or products, as well as recovering costs
20.21 associated with collecting local taxes on sales and the retail delivery fee established under
20.22 chapter 168E. All money collected under this section is deposited in the Revenue Department
20.23 service and recovery special revenue fund. Money in the fund is appropriated to the
20.24 commissioner to reimburse the department for the costs incurred in administering the tax
20.25 law or providing the data, service, or product. Any money paid to the department as a
20.26 criminal fine for a violation of state revenue law that is designated by the court to fund
20.27 enforcement of state revenue law is appropriated to this fund.

20.28 Subd. 2. **Special rules for fiscal years 2028 and 2029.** (a) Of the amount in the fund
20.29 in subdivision 1 that represents costs associated with collecting local taxes on sales,
20.30 \$3,000,000 in fiscal year 2028 and \$3,000,000 in fiscal year 2029 are transferred to the

21.1 general fund. These are onetime transfers and the amount to be transferred in fiscal year
21.2 2030 and later is \$0.

21.3 (b) This subdivision expires July 1, 2029.

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

21.5 Sec. 2. Minnesota Statutes 2024, section 289A.20, subdivision 4, is amended to read:

21.6 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
21.7 to the commissioner monthly on or before the 20th day of the month following the month
21.8 in which the taxable event occurred, or following another reporting period as the
21.9 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
21.10 or (g), except that use taxes due on an annual use tax return as provided under section
21.11 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

21.12 ~~(b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,~~
21.13 ~~except a vendor of construction materials as defined in paragraph (e), must remit the June~~
21.14 ~~liability for the next year in the following manner:~~

21.15 ~~(1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must~~
21.16 ~~remit 87.5 percent of the estimated June liability to the commissioner. Two business days~~
21.17 ~~before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or~~
21.18 ~~a reduced percentage as certified by the commissioner under section 16A.152, subdivision~~
21.19 ~~2, paragraph (a), clause (6), of the estimated June liability to the commissioner.~~

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

21.22 ~~(e)~~ (b) A vendor having a liability of:

21.23 (1) \$10,000 or more, but less than \$250,000, during a fiscal year must remit by electronic
21.24 means all net liabilities on returns due for periods beginning in all subsequent calendar years
21.25 on or before the 20th day of the month following the month in which the taxable event
21.26 occurred, or on or before the 20th day of the month following the month in which the sale
21.27 is reported under section 289A.18, subdivision 4; or

21.28 (2) \$250,000 or more during a fiscal year must remit by electronic means all net liabilities
21.29 in the manner provided in paragraph (a) on returns due for periods beginning in the
21.30 subsequent calendar year, ~~except that a vendor subject to the remittance requirements of~~
21.31 ~~paragraph (b) must remit the percentage of the estimated June liability, as provided in~~

22.1 ~~paragraph (b), clause (1), which is due two business days before June 30. The remaining~~
22.2 ~~amount of the June liability is due on August 20.~~

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

22.10 ~~(e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer~~
22.11 ~~that sells any of the following construction materials, if 50 percent or more of the retailer's~~
22.12 ~~sales revenue for the fiscal year ending June 30 is from the sale of those materials:~~

22.13 ~~(1) lumber, veneer, plywood, wood siding, wood roofing;~~

22.14 ~~(2) millwork, including wood trim, wood doors, wood windows, wood flooring; or~~

22.15 ~~(3) concrete, cement, and masonry.~~

22.16 ~~(f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero~~
22.17 ~~in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

22.18 (d) For purposes of this subdivision, "net liability" means liability minus the amount of
22.19 vendor allowance authorized under section 297A.816.

22.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
22.21 30, 2025.

22.22 Sec. 3. Minnesota Statutes 2024, section 297A.68, subdivision 3, is amended to read:

22.23 Subd. 3. **Materials used in providing certain taxable services.** (a) Materials stored,
22.24 used, or consumed in providing a taxable service listed in section 297A.61, subdivision 3,
22.25 paragraph (g), clause (6), intended to be sold ultimately at retail are exempt.

22.26 (b) This exemption includes, but is not limited to:

22.27 (1) chemicals, lubricants, packaging materials, seeds, trees, fertilizers, and herbicides,
22.28 if these items are used or consumed in providing the taxable service;

22.29 (2) chemicals used to treat waste generated as a result of providing the taxable service;

22.30 (3) accessory tools, equipment, and other items that are separate detachable units used
22.31 in providing the service and that have an ordinary useful life of less than 12 months; and

23.1 (4) fuel, electricity, gas, and steam used or consumed in the production process, except
23.2 that electricity, gas, or steam used for space heating, cooling, or lighting is exempt if (i) it
23.3 is in excess of average climate control or lighting, and (ii) it is necessary to produce that
23.4 particular service.

23.5 (c) This exemption does not include machinery, equipment, implements, tools,
23.6 accessories, appliances, contrivances, furniture, and fixtures used in providing the taxable
23.7 service.

23.8 (d) This exemption does not apply to any accessory tools, equipment, and other items
23.9 that are separate detachable units that have an ordinary useful life of less than 12 months
23.10 that are used in providing landscaping, gardening, or lawn care services.

23.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
23.12 30, 2025.

23.13 Sec. 4. Minnesota Statutes 2024, section 297A.68, subdivision 40, is amended to read:

23.14 Subd. 40. **Land clearing.** Tree, bush, shrub, and stump removal are exempt when sold
23.15 to contractors or subcontractors as part of a land clearing contract. For purposes of this
23.16 subdivision, "land clearing contract" means a contract for the removal of trees, bushes, and
23.17 shrubs, including the removal of roots and stumps, to develop:

23.18 (1) a site. ~~This exemption does not apply to land clearing of, or~~

23.19 (2) a portion of a site to allow for remodeling, improvement, or expansion of an existing
23.20 structure.

23.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
23.22 30, 2025.

23.23 Sec. 5. Minnesota Statutes 2024, section 297A.77, subdivision 3, is amended to read:

23.24 Subd. 3. **Tax must be remitted.** The tax collected by a retailer under this section, except
23.25 for the amount allowed to be retained by a retailer under section 297A.816, must be remitted
23.26 to the commissioner as provided in chapter 289A and this chapter.

23.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
23.28 30, 2025.

23.29 Sec. 6. **[297A.816] VENDOR ALLOWANCE.**

23.30 Subdivision 1. **Definitions.** For the purposes of this section:

(1) "eligible taxes" means the total amount of sales taxes collected by a retailer at all locations in Minnesota, excluding the portion of constitutionally required sales taxes imposed under section 297A.62, subdivision 1a;

(2) "qualifying retailer" means a retailer with sales tax liability in the previous fiscal year that is:

(i) not less than \$20,000; and

(ii) not more than \$250,000; and

(3) "reporting period" means the period applicable to the retailer as determined under section 289A.18, subdivision 4.

Subd. 2. Eligibility. A qualifying retailer may retain a portion of sales tax collected as a vendor allowance in compensation for the costs of collecting and administering the tax under this chapter. This section applies only if the tax minus the vendor allowance is both reported and remitted to the commissioner in a timely manner as required under chapter 289A.

Subd. 3. Tax not eligible for allowance. Use taxes paid by the retailer on the retailer's own purchases are not included in calculating the vendor allowance under this section.

Subd. 4. Calculation of allowance. (a) For sales and purchases made after June 30, 2025, and before July 1, 2027, a qualifying retailer's vendor allowance equals .254 percent of eligible taxes collected during the reporting period.

(b) For sales and purchases made after June 30, 2027, a qualifying retailer's vendor allowance equals .159 percent of eligible taxes collected during the reporting period.

Subd. 5. Effect on collections. To offset the amount retained under this section as a vendor allowance, for each eligible tax, the amount deposited in the state treasury or remitted to the appropriate jurisdiction is proportionally reduced based on the share of the vendor allowance attributable to that tax.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.99, subdivision 3a, is amended to read:

Subd. 3a. Temporary moratorium. (a) Notwithstanding subdivisions 1, 2, and 3, until after ~~May 31, 2025~~ June 30, 2026, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

25.1 (1) any activity described in subdivision 1, paragraph (d);

25.2 (2) adopt a resolution; or

25.3 (3) seek voter approval.

25.4 (b) Paragraph (a) does not apply to new local sales and use taxes or modifications to
25.5 existing local sales and use taxes authorized in May, 2023.

25.6 (c) This subdivision expires ~~June~~ July 1, 2025 2026.

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

25.8 Sec. 8. Minnesota Statutes 2024, section 297F.01, is amended by adding a subdivision to
25.9 read:

25.10 Subd. 13b. **Premium cigar endorsee.** "Premium cigar endorsee" means a licensed
25.11 tobacco products distributor with a license endorsement under section 297F.03, subdivision
25.12 4a.

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

25.14 Sec. 9. Minnesota Statutes 2024, section 297F.03, is amended by adding a subdivision to
25.15 read:

25.16 Subd. 4a. **License endorsement for premium cigars to be sold outside this state.** (a)
25.17 A licensed tobacco products distributor may obtain a license endorsement allowing the
25.18 distributor to bring premium cigars into Minnesota exempt from tax imposed under this
25.19 chapter provided the requirements of section 297F.06, subdivision 6, are satisfied.

25.20 (b) Each applicant or premium cigar endorsee must file with the commissioner a bond
25.21 issued by a corporate surety in good standing and authorized to do business in this state.
25.22 The bond must:

25.23 (1) be in a form prescribed by the commissioner;

25.24 (2) name the commissioner as the obligee;

25.25 (3) be in the amount of \$50,000, or a greater amount if the commissioner finds a greater
25.26 amount is needed to fully protect the state based on an applicant or premium cigar endorsee's
25.27 past or current tax liabilities or noncompliance with tax laws and regulations;

25.28 (4) be payable to the commissioner for any delinquent tax of the premium cigar endorsee
25.29 under this chapter and any related fees, penalties, and accrued interest; and

26.1 (5) cover the place of business within the state where tobacco products are received by
26.2 the applicant or premium cigar endorsee.

26.3 (c) The applicant or premium cigar endorsee must designate and maintain an agent in
26.4 this state to accept service of process for all purposes of this section.

26.5 (d) A separate license endorsement and separate bond is required for each tobacco
26.6 products distributor location where products that qualify for this exemption are stored.

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

26.8 Sec. 10. Minnesota Statutes 2024, section 297F.04, is amended to read:

26.9 **297F.04 LICENSE AND ENDORSEMENT SUSPENSION, CANCELLATION,**
26.10 **NONRENEWAL, OR REVOCATION.**

26.11 Subdivision 1. **Powers of commissioner.** The commissioner may revoke or suspend the
26.12 license or licenses and any endorsement or endorsements of any distributor or subjobber
26.13 for violation of this chapter, any other act applicable to the sale of cigarettes or tobacco
26.14 products, or any rule promulgated by the commissioner, in furtherance of this chapter.

26.15 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or
26.16 renew a license or endorsement under this chapter, and may revoke a license or endorsement
26.17 under this chapter, if the applicant or licensee:

26.18 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
26.19 2;

26.20 (2) after demand, has not filed tax returns required by the commissioner;

26.21 (3) had a cigarette or tobacco license revoked by the commissioner within the past two
26.22 years;

26.23 (4) had a sales and use tax permit revoked by the commissioner within the past two
26.24 years; ~~or~~

26.25 (5) has been convicted of a crime involving cigarettes or tobacco products, including
26.26 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes
26.27 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products; or

26.28 (6) is a premium cigar endorsee and fails to comply with requirements under section
26.29 297F.06, subdivision 6.

Subd. 2a. **Cancellation or nonrenewal.** The commissioner may cancel a license and any endorsement or not renew a license and any endorsement if one of the following conditions occurs:

(1) the license holder has not filed a cigarette or tobacco products tax return for at least one year;

(2) the license holder has not reported any cigarette or tobacco products tax liability on the license holder's returns for at least one year; or

(3) the license holder requests cancellation of the license.

Subd. 3. **Notice.** No license or endorsement may be revoked or suspended under this chapter, and no application for a license or endorsement may be denied under this chapter, except after 20 days' notice. In that notice the commissioner shall specify the allegations against the licensee, endorsee, or applicant, and provide the licensee, endorsee, or applicant the right to request in writing within 20 days a contested case hearing as provided in chapter 14.

If a written request for a hearing is received by the Department of Revenue within 20 days of the date of the initial notice, the hearing must be held within 45 days after referral to the Office of Administrative Hearings, and no earlier than 20 days after notice to the licensee, endorsee, or applicant of the hearing time and place. A license or endorsement is revoked or suspended, and an application is denied, when the commissioner serves notice of revocation, suspension, or denial after 20 days have passed following the initial notice under this paragraph without a request for hearing being made, or if a hearing is held, after the commissioner serves an order of revocation, suspension, or denial under section 14.62, subdivision 1. All notices under this paragraph may be served personally or by mail.

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

Sec. 11. Minnesota Statutes 2024, section 297F.06, is amended by adding a subdivision to read:

Subd. 6. **Premium cigars sold outside this state.** (a) Premium cigars brought into the state or caused to be brought into the state by a premium cigar endorsee are exempt from tax imposed under this chapter and are not contraband under section 297F.21 if:

(1) the premium cigars are intended to be sold outside the state by the endorsee;

(2) the premium cigars are delivered to the place of business covered by the endorsee's tobacco products distributor license and remain in that location until sold outside this state;

28.1 (3) the premium cigars are physically segregated from all other premium cigars, other
28.2 tobacco products, and cigarettes possessed by the endorsee and are not accessible to any
28.3 retail outlet consumers;

28.4 (4) the endorsee has a bond as required under section 297F.03, subdivision 4a;

28.5 (5) the endorsee maintains records of all deliveries and shipments associated with the
28.6 premium cigars; and

28.7 (6) the endorsee files all forms and returns required under paragraph (c) and section
28.8 297F.09, subdivision 2.

28.9 (b) If a premium cigar endorsee fails to comply with the requirements in paragraph (a),
28.10 the endorsee's premium cigars no longer qualify for the exemption under this subdivision
28.11 and become subject to tax imposed under section 297F.05, subdivision 3a.

28.12 (c) All premium cigars sold outside this state and that otherwise qualify for the exemption
28.13 under this subdivision must be listed on a form prescribed by the commissioner showing
28.14 the date of each sale, the number of invoices, the name and address of each purchaser, and
28.15 the distributor's wholesale sales price unless permission is granted by the commissioner to
28.16 furnish the information in some other manner. The form must be filed with the commissioner
28.17 on or before the 18th day of each calendar month following the date on which the premium
28.18 cigar was sold outside this state.

28.19 **EFFECTIVE DATE.** This section is effective for premium cigars brought into this
28.20 state after December 31, 2025.

28.21 Sec. 12. Minnesota Statutes 2024, section 297F.09, subdivision 2, is amended to read:

28.22 Subd. 2. **Monthly return; tobacco products distributor.** (a) On or before the 18th day
28.23 of each calendar month, a distributor with a place of business in this state shall file a return
28.24 with the commissioner showing the quantity and wholesale sales price of each tobacco
28.25 product:

28.26 (1) brought, or caused to be brought, into this state for sale; and

28.27 (2) made, manufactured, or fabricated in this state for sale in this state, during the
28.28 preceding calendar month.

28.29 (b) Every premium cigar endorsee must identify on the return the premium cigars brought
28.30 into the state that qualify for the exemption under section 297F.06, subdivision 6. The return
28.31 must also show the quantity and wholesale sales price of each premium cigar.

(c) Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

(d) If a premium cigar endorsee no longer intends to sell a premium cigar outside this state as allowed under section 297F.06, subdivision 6, the premium cigar endorsee must make a record of the decision, including the decision date, and, on or before the 18th day of the following calendar month, file a return with the commissioner showing the quantity and wholesale sales price of each premium cigar the endorsee no longer intends to sell outside the state. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

(e) If a premium cigar no longer qualifies for an exemption under section 297F.06, subdivision 6, for any reason other than that listed in paragraph (d), the premium cigar endorsee must, on or before the 18th day of the following calendar month, file a return with the commissioner showing the quantity and wholesale sales price of each premium cigar that no longer qualifies for the exemption. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

EFFECTIVE DATE. This section is effective for premium cigars brought into this state after December 31, 2025.

30.1 Sec. 13. Minnesota Statutes 2024, section 297F.09, subdivision 10, is amended to read:

30.2 Subd. 10. **Accelerated tax payment.** (a) A cigarette distributor, tobacco products
30.3 distributor, retailer, or out-of-state retailer having a liability of \$250,000 or more during a
30.4 fiscal year ending June 30; shall remit the June liability for the next year in the ~~following~~
30.5 manner: provided in paragraphs (b) and (c).

30.6 ~~(a) Two business days before June 30 of calendar year 2021, the distributor shall remit~~
30.7 ~~the actual May liability and 87.5 percent of the estimated June liability to the commissioner~~
30.8 ~~and file the return in the form and manner prescribed by the commissioner.~~ (b) Two business
30.9 days before June 30 of calendar year ~~2022~~ 2025 and ~~each~~ calendar year ~~thereafter~~ 2026, the
30.10 distributor must remit the actual May liability and 84.5 percent of the estimated June liability
30.11 to the commissioner and file the return in the form and manner prescribed by the
30.12 commissioner. Two business days before June 30 of calendar year 2027 and thereafter, the
30.13 taxpayer shall remit the actual May liability and 90 percent of the estimated June liability
30.14 to the commissioner and file the return in the form and manner prescribed by the
30.15 commissioner.

30.16 ~~(b)~~ (c) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer
30.17 shall submit a return showing the actual June liability and pay any additional amount of tax
30.18 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability
30.19 required to be paid in June, less the amount remitted in June. However, the penalty is not
30.20 imposed if the amount remitted in June equals:

30.21 (1) for calendar year ~~2021~~ 2025 and calendar year 2026, the lesser of ~~87.5~~ 84.5 percent
30.22 of the actual June liability for that calendar year or ~~87.5~~ 84.5 percent of the May liability
30.23 for that calendar year; or

30.24 (2) for calendar year ~~2022~~ 2027 and each calendar year thereafter, the lesser of ~~84.5~~ 90
30.25 percent of the actual June liability for that calendar year or ~~84.5~~ 90 percent of the May
30.26 liability for that calendar year.

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

30.28 Sec. 14. Minnesota Statutes 2024, section 297G.09, subdivision 9, is amended to read:

30.29 Subd. 9. **Accelerated tax payment; penalty.** (a) A person liable for tax under this
30.30 chapter having a liability of \$250,000 or more during a fiscal year ending June 30; shall
30.31 remit the June liability for the next year in the ~~following~~ manner: provided in paragraphs
30.32 (b) and (c).

31.1 ~~(a) Two business days before June 30 of calendar year 2021, the taxpayer shall remit~~
31.2 ~~the actual May liability and 87.5 percent of the estimated June liability to the commissioner~~
31.3 ~~and file the return in the form and manner prescribed by the commissioner. (b) Two business~~
31.4 ~~days before June 30 of calendar year 2022 2025 and each calendar year thereafter 2026, the~~
31.5 ~~distributor must remit the actual May liability and 84.5 percent of the estimated June liability~~
31.6 ~~to the commissioner and file the return in the form and manner prescribed by the~~
31.7 ~~commissioner. Two business days before June 30 of calendar year 2027 and thereafter, the~~
31.8 ~~taxpayer shall remit the actual May liability and 90 percent of the estimated June liability~~
31.9 ~~to the commissioner and file the return in the form and manner prescribed by the~~
31.10 ~~commissioner.~~

31.11 ~~(b)~~ (c) On or before August 18 of the year, the taxpayer shall submit a return showing
31.12 the actual June liability and pay any additional amount of tax not remitted in June. A penalty
31.13 is imposed equal to ten percent of the amount of June liability required to be paid in June
31.14 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
31.15 in June equals:

31.16 (1) for calendar year ~~2021~~ 2025 and calendar year 2026, the lesser of ~~87.5~~ 84.5 percent
31.17 of the actual June liability for that calendar year or ~~87.5~~ 84.5 percent of the May liability
31.18 for that calendar year; or

31.19 (2) for calendar year ~~2022~~ 2027 and each calendar year thereafter, the lesser of ~~84.5~~ 90
31.20 percent of the actual June liability for that calendar year or ~~84.5~~ 90 percent of the May
31.21 liability for that calendar year.

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

31.23 Sec. 15. Minnesota Statutes 2024, section 297G.09, subdivision 10, is amended to read:

31.24 Subd. 10. **Quarterly and annual payments and returns.** (a) If a manufacturer,
31.25 wholesaler, brewer, or importer has an average liquor tax liability equal to or less than \$500
31.26 per month in any quarter of a calendar year, and has substantially complied with the state
31.27 tax laws during the preceding four calendar quarters, the manufacturer, wholesaler, brewer,
31.28 or importer may request authorization to file and pay the taxes quarterly in subsequent
31.29 calendar quarters. The authorization remains in effect during the period in which the
31.30 manufacturer's, wholesaler's, brewer's, or importer's quarterly returns reflect liquor tax
31.31 liabilities of less than \$1,500 and there is continued compliance with state tax laws.

31.32 (b) If a manufacturer, wholesaler, brewer, or importer has an average liquor tax liability
31.33 equal to or less than \$100 per month during a calendar year, and has substantially complied

with the state tax laws during that period, the manufacturer, wholesaler, brewer, or importer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the manufacturer's, wholesaler's, brewer's, or importer's annual returns reflect liquor tax liabilities of less than \$1,200 and there is continued compliance with state tax laws. A qualified brewer as defined under section 297G.04, subdivision 2, that meets the same criteria during a calendar year may file and pay the taxes annually the following calendar year without authorization. A qualified brewer must provide notice of intent to file and pay the taxes annually to the commissioner in a form and manner prescribed by the commissioner.

(c) The commissioner may also grant quarterly or annual filing and payment authorizations to manufacturers, wholesalers, brewers, or importers if the commissioner concludes that the manufacturer's, wholesaler's, brewer's, or importer's future tax liabilities will be less than the monthly totals identified in paragraphs (a) and (b). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (a) and (b).

(d) The annual tax return and payments must be filed and paid on or before the 18th day of January following the calendar year. The quarterly returns and payments must be filed and paid on or before April 18 for the quarter ending March 31, on or before July 18 for the quarter ending June 30, on or before October 18 for the quarter ending September 30, and on or before January 18 for the quarter ending December 31.

EFFECTIVE DATE. This section is effective for calendar year 2025 and thereafter.

Sec. 16. **CITY OF WOODBURY; SALES AND USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. Exemption; refund. (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water treatment facility and water tower, including water pipeline infrastructure and associated improvements funded by the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after January 31, 2024, and before December 1, 2028.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2025.

33.1 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
33.2 is appropriated from the general fund to the commissioner of revenue.

33.3 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
33.4 made after January 31, 2024, and before December 1, 2028.

33.5 Sec. 17. **LEGISLATIVE TASK FORCE ON LOCAL SALES TAXES.**

33.6 Subdivision 1. **Establishment.** A legislative task force is established to:

33.7 (1) examine the historical use of local sales taxes in Minnesota;

33.8 (2) compare local sales taxes to other local revenue sources using tax system evaluation
33.9 criteria; and

33.10 (3) make recommendations to the legislature on future policy changes related to local
33.11 sales taxes.

33.12 Subd. 2. **Membership.** (a) The task force must include the following members:

33.13 (1) four members from the house of representatives, two appointed by the speaker of
33.14 the house and two appointed by the speaker emerita; and

33.15 (2) four members from the senate, two appointed by the majority leader and two appointed
33.16 by the minority leader.

33.17 (b) The speaker of the house and the speaker emerita must each appoint a member to
33.18 act as the house of representatives chair of the task force. The senate majority leader must
33.19 appoint a member to act as the senate chair of the task force. The chair and vice-chair must
33.20 rotate after each meeting between a house of representatives chair and the senate chair. The
33.21 house of representatives chair must rotate between the member appointed by the speaker
33.22 of the house and the member appointed by the speaker emerita. The vice-chair of each
33.23 meeting must be the member who served as the chair in the previous meeting.

33.24 Subd. 3. **Meetings.** (a) The task force must meet at least twice per month. The meetings
33.25 must take place in the Capitol complex, provided that the chair may direct that a meeting
33.26 be conducted electronically if doing so would facilitate public testimony or would protect
33.27 the health or safety of members of the task force.

33.28 (b) All meetings must be open to the public. The task force must invite input from the
33.29 public.

34.1 (c) The chair designated by the speaker of the house must convene the first meeting of
34.2 the task force no later than August 1, 2025. The senate chair must act as the vice-chair for
34.3 the first meeting of the task force.

34.4 Subd. 4. **Duties.** (a) The task force must examine the role of local taxes as a revenue
34.5 source for local governments and compare local taxes to other sources of revenue for local
34.6 governments. The comparison must include:

34.7 (1) an evaluation of the equity, efficiency, administrability, stability, and revenue
34.8 sufficiency of each revenue source;

34.9 (2) the historical use of each revenue source by local governments in Minnesota; and

34.10 (3) recent law changes impacting local governments' ability to raise revenue from each
34.11 revenue source.

34.12 (b) The task force must also examine the historical use of local sales taxes in Minnesota,
34.13 including the number of local governments using local sales taxes as a revenue source and
34.14 the amount of local sales taxes collected.

34.15 (c) The task force must also examine the requirement of demonstrating regional
34.16 significance for local sales tax proposals and what, if any, measures should be in place to
34.17 define regional significance.

34.18 (d) The task force must make recommendations to the legislature on future changes to
34.19 local sales tax policy. These recommendations must be made by submitting the report
34.20 required under subdivision 6.

34.21 Subd. 5. **Administration.** The Legislative Coordinating Commission must provide
34.22 administrative support to the task force and must assist in creation of the report under
34.23 subdivision 6.

34.24 Subd. 6. **Report.** The task force must create a report on the results from the duties
34.25 required under subdivision 4. The report must be sent to the legislative committees with
34.26 jurisdiction over local sales taxes no later than January 31, 2026. The report may include
34.27 any additional information the task force deems relevant.

34.28 Subd. 7. **Expenses.** Legislative members serving on the task force must receive a per
34.29 diem for each task force meeting attended.

34.30 Subd. 8. **Expiration.** The task force expires upon the submission of the report under
34.31 subdivision 6.

Subd. 9. **Appropriation.** \$70,000 in fiscal year 2026 is appropriated from the general fund to the Legislative Coordinating Commission to carry out the purposes of this section.

ARTICLE 3

PROPERTY TAXES

Section 1. Minnesota Statutes 2024, section 272.01, subdivision 2, is amended to read:

Subd. 2. Exempt property used by private entity for profit. (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to:

(1) property leased or used as a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 469, municipal auditorium, municipal parking facility, municipal museum, or municipal stadium;

(2) property of an airport owned by a city, town, county, or group thereof which is:

(i) leased to or used by any person or entity including a fixed base operator; and

(ii) used as a hangar for the storage ~~or~~ repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public;

~~the exception from taxation provided in this clause does not apply to:~~

~~(i) property located at an airport owned or operated by the Metropolitan Airports Commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; or~~

~~(ii) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business;~~

(3) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport;

(4) except as provided in paragraph (f), property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the Metropolitan Airports

36.1 Commission or cities of over 50,000 population or an airport authority therein. Real estate
36.2 owned by a municipality in connection with the operation of a public airport and leased or
36.3 used for agricultural purposes is not exempt;

36.4 (5) property leased, loaned, or otherwise made available to a private individual,
36.5 corporation, or association under a cooperative farming agreement made pursuant to section
36.6 97A.135; or

36.7 (6) property leased, loaned, or otherwise made available to a private individual,
36.8 corporation, or association under section 272.68, subdivision 4.

36.9 (c) Except as provided in paragraph (f), the exception from taxation provided in paragraph
36.10 (b), clause (2), does not apply to:

36.11 (1) property located at an airport owned or operated by the Metropolitan Airports
36.12 Commission or by a city of over 50,000 population according to the most recent federal
36.13 census or such a city's airport authority; or

36.14 (2) hangars leased by a private individual, association, or corporation in connection with
36.15 a business conducted for profit other than an aviation-related business.

36.16 ~~(e)~~ (d) Taxes imposed by this subdivision are payable as in the case of personal property
36.17 taxes and shall be assessed to the lessees or users of real or personal property in the same
36.18 manner as taxes assessed to owners of real or personal property, except that such taxes shall
36.19 not become a lien against the property. When due, the taxes shall constitute a debt due from
36.20 the lessee or user to the state, township, city, county, and school district for which the taxes
36.21 were assessed and shall be collected in the same manner as personal property taxes. If
36.22 property subject to the tax imposed by this subdivision is leased or used jointly by two or
36.23 more persons, each lessee or user shall be jointly and severally liable for payment of the
36.24 tax.

36.25 ~~(d)~~ (e) The tax on real property of the federal government, the state or any of its political
36.26 subdivisions that is leased, loaned, or otherwise made available to a private individual,
36.27 association, or corporation and becomes taxable under this subdivision or other provision
36.28 of law must be assessed and collected as a personal property assessment. The taxes do not
36.29 become a lien against the real property.

36.30 (f) Property of an airport that is:

36.31 (1) located at an airport owned or operated by a city of over 50,000 but under 150,000
36.32 in population according to the most recent federal census or such a city's airport authority;

36.33 (2) not owned or operated by the Metropolitan Airports Commission; and

(3) used as a hangar for the storage, repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public, or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area, shall have the tax imposed by this subdivision calculated as follows: for property taxes payable in 2026 through 2037, the net tax capacity of such property shall be reduced by 50 percent.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 7, is amended to read:

Subd. 7. Institutions of public charity. (a) Institutions of purely public charity that are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code are exempt if they meet the requirements of this subdivision. In determining whether real property is exempt under this subdivision, the following factors must be considered:

(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

(2) whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part;

(3) whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities that would otherwise be borne by the government;

(4) whether the income received, including material gifts and donations, produces a profit to the charitable institution that is not distributed to private interests;

(5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and

(6) whether dividends, in form or substance, or assets upon dissolution, are not available to private interests.

A charitable organization must satisfy the factors in clauses (1) to (6) for its property to be exempt under this subdivision, unless there is a reasonable justification for failing to meet the factors in clause (2), (3), or (5), and the organization provides to the assessor the factual basis for that justification. If there is reasonable justification for failing to meet the factors in clause (2), (3), or (5), an organization is a purely public charity under this

38.1 subdivision without meeting those factors. After an exemption is properly granted under
38.2 this subdivision, it will remain in effect unless there is a material change in facts.

38.3 (b) For purposes of this subdivision, a grant is a written instrument or electronic document
38.4 defining a legal relationship between a granting agency and a grantee when the principal
38.5 purpose of the relationship is to transfer cash or something of value to the grantee to support
38.6 a public purpose authorized by law in a general manner instead of acquiring by professional
38.7 or technical contract, purchase, lease, or barter property or services for the direct benefit or
38.8 use of the granting agency.

38.9 (c) Rental housing property does not qualify for an exemption under this subdivision
38.10 unless: (1) the use of the rental property is in furtherance of the tax-exempt charitable
38.11 purpose of the organization; and (2) the use of the rental property does not further the
38.12 tax-exempt charitable purpose of the organization solely by providing rental housing to
38.13 persons or families on the basis of the income characteristics of those persons or families.

38.14 ~~(e)~~ (d) In determining whether rental housing property qualifies for exemption under
38.15 this subdivision, the following are not gifts or donations to the owner of the rental housing:

38.16 (1) rent assistance provided by the government to or on behalf of tenants; and

38.17 (2) financing assistance or tax credits provided by the government to the owner on
38.18 condition that specific units or a specific quantity of units be set aside for persons or families
38.19 with certain income characteristics.

38.20 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2026 and
38.21 thereafter.

38.22 Sec. 3. Minnesota Statutes 2024, section 272.02, subdivision 19, is amended to read:

38.23 Subd. 19. **Property used to distribute electricity to farmers.** Electric power distribution
38.24 ~~lines and their attachments and appurtenances~~ systems, not including substations, or
38.25 transmission or generation equipment, that are used primarily for supplying electricity to
38.26 farmers at retail, are exempt.

38.27 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

38.28 Sec. 4. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to
38.29 read:

38.30 Subd. 106. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

39.1 (1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in
39.2 2025;

39.3 (2) is located in a city of the first class with a population greater than 400,000 as of the
39.4 2020 federal census;

39.5 (3) was on January 1, 2024, and is for the current assessment, owned by a federally
39.6 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota;
39.7 and

39.8 (4) is used exclusively for Tribal purposes or institutions of purely public charity as
39.9 defined in subdivision 7.

39.10 (b) Property that qualifies for the exemption under this subdivision is limited to one
39.11 parcel that does not exceed 40,000 square feet. Property used for single-family housing,
39.12 market-rate apartments, agriculture, or forestry does not qualify for this exemption. For the
39.13 purposes of this subdivision, a "Tribal purpose" means a public purpose as defined in
39.14 subdivision 8 and includes noncommercial Tribal government activities.

39.15 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

39.16 Sec. 5. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to
39.17 read:

39.18 Subd. 107. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

39.19 (1) was classified as class 2b under section 273.13, subdivision 23, for taxes payable in
39.20 2025;

39.21 (2) is located within a county with a population greater than 5,580 but less than 5,620
39.22 according to the 2020 federal census;

39.23 (3) is located in an unorganized territory with a population less than 800 according to
39.24 the 2020 federal census; and

39.25 (4) was on January 2, 2023, and is for the current assessment, owned by a federally
39.26 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

39.27 (b) Property that qualifies for exemption under this subdivision is limited to no more
39.28 than five parcels.

39.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 6. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 108. Certain property owned by an Indian Tribe. (a) Property is exempt that:

(1) is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

(2) was on January 1, 2025, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota; and

(3) contains a mixed-use development constructed after January 1, 2024, that includes space used exclusively for noncommercial Tribal government activities.

(b) Any portion of the property used for housing, agriculture, or forestry does not qualify for this exemption.

EFFECTIVE DATE. This section is effective beginning with assessment year 2026.

Sec. 7. Minnesota Statutes 2024, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a classification rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property rented as a short-term rental property for more than 14 days in the preceding year, that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

41.1 For the purposes of this paragraph, "short-term rental property" means nonhomestead
41.2 residential real estate rented for periods of less than 30 consecutive days.

41.3 The market value of class 4b property has a classification rate of 1.25 percent.

41.4 (c) Class 4bb includes:

41.5 (1) nonhomestead residential real estate containing one unit, other than seasonal
41.6 residential recreational property;

41.7 (2) a single family dwelling, garage, and surrounding one acre of property on a
41.8 nonhomestead farm classified under subdivision 23, paragraph (b); and

41.9 (3) a condominium-type storage unit having an individual property identification number
41.10 that is not used for a commercial purpose.

41.11 Class 4bb property has the same classification rates as class 1a property under subdivision
41.12 22.

41.13 Property that has been classified as seasonal residential recreational property at any time
41.14 during which it has been owned by the current owner or spouse of the current owner does
41.15 not qualify for class 4bb.

41.16 (d) Class 4c property includes:

41.17 (1) except as provided in subdivision 22, paragraph (c), real and personal property
41.18 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
41.19 for not more than 250 days in the year preceding the year of assessment. For purposes of
41.20 this clause, property is devoted to a commercial purpose on a specific day if any portion of
41.21 the property is used for residential occupancy, and a fee is charged for residential occupancy.
41.22 Class 4c property under this clause must contain three or more rental units. A "rental unit"
41.23 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
41.24 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
41.25 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
41.26 under this clause regardless of the term of the rental agreement, as long as the use of the
41.27 camping pad does not exceed 250 days. In order for a property to be classified under this
41.28 clause, either (i) the business located on the property must provide recreational activities,
41.29 at least 40 percent of the annual gross lodging receipts related to the property must be from
41.30 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
41.31 bookings by lodging guests during the year must be for periods of at least two consecutive
41.32 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
41.33 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,

and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause:

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the

44.1 current year's assessment. The commissioner shall prescribe a uniform application form
44.2 and instructions;

44.3 (4) postsecondary student housing of not more than one acre of land that is owned by a
44.4 nonprofit corporation organized under chapter 317A and is used exclusively by a student
44.5 cooperative, sorority, or fraternity for on-campus housing or housing located within two
44.6 miles of the border of a college campus;

44.7 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
44.8 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
44.9 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
44.10 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision
44.11 2;

44.12 (6) real property that is actively and exclusively devoted to indoor fitness, health, social,
44.13 recreational, and related uses, is owned and operated by a not-for-profit corporation, and is
44.14 located within the metropolitan area as defined in section 473.121, subdivision 2;

44.15 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt under
44.16 section 272.01, subdivision 2, and the land on which it is located, provided that:

44.17 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
44.18 Airports Commission, or group thereof; and

44.19 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased
44.20 premise, prohibits commercial activity performed at the hangar.

44.21 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
44.22 filed by the new owner with the assessor of the county where the property is located within
44.23 60 days of the sale;

44.24 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
44.25 272.01, subdivision 2, and the land on which it is located, provided that:

44.26 (i) the land abuts a public airport; and

44.27 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement
44.28 restricting the use of the premises, prohibiting commercial use or activity performed at the
44.29 hangar; and

44.30 (9) residential real estate, a portion of which is used by the owner for homestead purposes,
44.31 and that is also a place of lodging, if all of the following criteria are met:

45.1 (i) rooms are provided for rent to transient guests that generally stay for periods of 14
45.2 or fewer days;

45.3 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in
45.4 the basic room rate;

45.5 (iii) meals are not provided to the general public except for special events on fewer than
45.6 seven days in the calendar year preceding the year of the assessment; and

45.7 (iv) the owner is the operator of the property.

45.8 The market value subject to the 4c classification under this clause is limited to five rental
45.9 units. Any rental units on the property in excess of five, must be valued and assessed as
45.10 class 3a. The portion of the property used for purposes of a homestead by the owner must
45.11 be classified as class 1a property under subdivision 22;

45.12 (10) real property up to a maximum of three acres and operated as a restaurant as defined
45.13 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
45.14 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
45.15 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
45.16 of its annual gross receipts from business conducted during four consecutive months. Gross
45.17 receipts from the sale of alcoholic beverages must be included in determining the property's
45.18 qualification under item (ii). The property's primary business must be as a restaurant and
45.19 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
45.20 Owners of real property desiring 4c classification under this clause must submit an annual
45.21 declaration to the assessor by February 1 of the current assessment year, based on the
45.22 property's relevant information for the preceding assessment year;

45.23 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as
45.24 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public
45.25 and devoted to recreational use for marina services. The marina owner must annually provide
45.26 evidence to the assessor that it provides services, including lake or river access to the public
45.27 by means of an access ramp or other facility that is either located on the property of the
45.28 marina or at a publicly owned site that abuts the property of the marina. No more than 800
45.29 feet of lakeshore may be included in this classification. Buildings used in conjunction with
45.30 a marina for marina services, including but not limited to buildings used to provide food
45.31 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
45.32 as class 3a property; and

45.33 (12) real and personal property devoted to noncommercial temporary and seasonal
45.34 residential occupancy for recreation purposes.

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property includes:

(1) qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d(1). The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d(1), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents; and

(2) a unit that is owned by the occupant and used as a homestead by the occupant, and otherwise meets all the requirements for community land trust property under section 273.11, subdivision 12, provided that by December 31 of each assessment year, the community land trust certifies to the assessor that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the

community land trust. ~~For all units qualifying as class 4d(2), the market value determined by the assessor must be based on the normal approach to value without regard to any restrictions that apply because the unit is a community land trust property.~~

(f) Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property has a classification rate of 0.75 percent.

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 8. Minnesota Statutes 2024, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, ~~\$150,000~~ \$175,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, ~~\$300,000~~ \$350,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or

48.1 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
48.2 paragraph (n).

48.3 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
48.4 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
48.5 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
48.6 for under paragraph (b).

48.7 (f) In the case of an agricultural homestead, only the portion of the property consisting
48.8 of the house and garage and immediately surrounding one acre of land qualifies for the
48.9 valuation exclusion under this subdivision.

48.10 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
48.11 for the market value exclusion under subdivision 35, or classification under subdivision 22,
48.12 paragraph (b).

48.13 (h) To qualify for a valuation exclusion under this subdivision a property owner must
48.14 apply to the assessor by December 31 of the first assessment year for which the exclusion
48.15 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted
48.16 for a valuation exclusion must notify the assessor if there is a change in ownership of the
48.17 property or in the use of the property as a homestead.

48.18 (i) A first-time application by a qualifying spouse for the market value exclusion under
48.19 paragraph (d) must be made any time within two years of the death of the service member.

48.20 (j) For purposes of this subdivision:

48.21 (1) "active service" has the meaning given in section 190.05;

48.22 (2) "own" means that the person's name is present as an owner on the property deed;

48.23 (3) "primary family caregiver" means a person who is approved by the secretary of the
48.24 United States Department of Veterans Affairs for assistance as the primary provider of
48.25 personal care services for an eligible veteran under the Program of Comprehensive Assistance
48.26 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

48.27 (4) "veteran" has the meaning given the term in section 197.447.

48.28 (k) If a veteran did not apply for or receive the exclusion under paragraph (b), clause
48.29 (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time
48.30 of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b),
48.31 clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property,
48.32 except as otherwise provided in paragraph (n), if:

49.1 (1) the spouse files a first-time application;

49.2 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
49.3 homestead and permanently resides there;

49.4 (3) the veteran met the honorable discharge requirements of paragraph (a); and

49.5 (4) the United States Department of Veterans Affairs certifies that:

49.6 (i) the veteran met the total (100 percent) and permanent disability requirement under
49.7 paragraph (b), clause (2); or

49.8 (ii) the spouse has been awarded dependency and indemnity compensation.

49.9 (l) The purpose of this provision of law providing a level of homestead property tax
49.10 relief for veterans with a disability, their primary family caregivers, and their surviving
49.11 spouses is to help ease the burdens of war for those among our state's citizens who bear
49.12 those burdens most heavily.

49.13 (m) By July 1, the county veterans service officer must certify the disability rating and
49.14 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

49.15 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
49.16 the legal or beneficial title to the property may continue to receive the exclusion for a
49.17 property other than the property for which the exclusion was initially granted until the spouse
49.18 remarries or sells, transfers, or otherwise disposes of the property, provided that:

49.19 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
49.20 under this paragraph;

49.21 (2) the spouse holds the legal or beneficial title to the property for which the continuation
49.22 of the exclusion is sought under this paragraph, and permanently resides there;

49.23 (3) the estimated market value of the property for which the exclusion is sought under
49.24 this paragraph is less than or equal to the estimated market value of the property that first
49.25 received the exclusion, based on the value of each property on the date of the sale of the
49.26 property that first received the exclusion; and

49.27 (4) the spouse has not previously received the benefit under this paragraph for a property
49.28 other than the property for which the exclusion is sought.

49.29 (o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the
49.30 exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section
49.31 for the exclusion under paragraph (c) or (d).

50.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025.

50.2 Sec. 9. Minnesota Statutes 2024, section 273.38, is amended to read:

50.3 **273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.**

50.4 The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not
50.5 including substations, or transmission or generation equipment of cooperative associations
50.6 organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof
50.7 and supplemental thereto, and engaged in the electrical heat, light and power business, upon
50.8 a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections
50.9 273.40 and 273.41.

50.10 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

50.11 Sec. 10. Minnesota Statutes 2024, section 273.41, is amended to read:

50.12 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

50.13 There is hereby imposed upon each such cooperative association on December 31 of
50.14 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The
50.15 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon
50.16 ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that
50.17 part of the association's distribution system, not including substations, or transmission or
50.18 generation equipment, located in rural areas. The tax shall be payable on or before March
50.19 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion
50.20 thereof, is not paid within the time herein specified for the payment thereof, there shall be
50.21 added thereto a specific penalty equal to ten percent of the amount so remaining unpaid.
50.22 Such penalty shall be collected as part of said tax, and the amount of said tax not timely
50.23 paid, together with said penalty, shall bear interest at the rate specified in section 270C.40
50.24 from the time such tax should have been paid until paid. The commissioner shall deposit
50.25 the amount so received in the general fund of the state treasury.

50.26 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

50.27 Sec. 11. Minnesota Statutes 2024, section 290B.03, subdivision 1, is amended to read:

50.28 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
50.29 property tax deferral program are as follows:

50.30 (1) the property must be owned and occupied as a homestead by a person 65 years of
50.31 age or older. In the case of a married couple, at least one of the spouses must be at least 65

51.1 years old at the time the first property tax deferral is granted, regardless of whether the
51.2 property is titled in the name of one spouse or both spouses, or titled in another way that
51.3 permits the property to have homestead status, and the other spouse must be at least 62 years
51.4 of age;

51.5 (2) the total household income of the qualifying homeowners, as defined in section
51.6 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
51.7 may not exceed ~~\$96,000~~ \$110,000;

51.8 (3) the homestead must have been owned and occupied as the homestead of at least one
51.9 of the qualifying homeowners for at least five years prior to the year the initial application
51.10 is filed;

51.11 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

51.12 (5) there are no mortgages or other liens on the property that secure future advances,
51.13 except for those subject to credit limits that result in compliance with clause (6); and

51.14 (6) the total unpaid balances of debts secured by mortgages and other liens on the
51.15 property, including unpaid and delinquent special assessments and interest and any delinquent
51.16 property taxes, penalties, and interest, but not including property taxes payable during the
51.17 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision
51.18 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

51.19 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
51.20 payable in 2026 and thereafter.

51.21 Sec. 12. Minnesota Statutes 2024, section 290B.04, subdivision 3, is amended to read:

51.22 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application
51.23 has been approved under subdivision 2 shall notify the commissioner of revenue in writing
51.24 by July 1 if the taxpayer's household income for the preceding calendar year exceeded
51.25 ~~\$96,000~~ \$110,000. The certification must state the homeowner's total household income
51.26 for the previous calendar year. No property taxes may be deferred under this chapter in any
51.27 year following the year in which a program participant filed or should have filed an
51.28 excess-income certification under this subdivision, unless the participant has filed a
51.29 resumption of eligibility certification as described in subdivision 4.

51.30 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
51.31 payable in 2026 and thereafter.

52.1 Sec. 13. Minnesota Statutes 2024, section 290B.04, subdivision 4, is amended to read:

52.2 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
52.3 previously filed an excess-income certification under subdivision 3 may resume program
52.4 participation if the taxpayer's household income for a subsequent year is ~~\$96,000~~ \$110,000
52.5 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
52.6 the commissioner of revenue in writing by July 1 of the year following a calendar year in
52.7 which the taxpayer's household income is ~~\$96,000~~ \$110,000 or less. The certification must
52.8 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
52.9 resumes participation in the program under this subdivision, participation will continue until
52.10 the taxpayer files a subsequent excess-income certification under subdivision 3 or until
52.11 participation is terminated under section 290B.08, subdivision 1.

52.12 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
52.13 payable in 2026 and thereafter.

52.14 Sec. 14. Minnesota Statutes 2024, section 290B.05, subdivision 1, is amended to read:

52.15 Subdivision 1. **Determination by commissioner.** The commissioner shall determine
52.16 each qualifying homeowner's "annual maximum property tax amount" following approval
52.17 of the homeowner's initial application and following the receipt of a resumption of eligibility
52.18 certification. The "annual maximum property tax amount" equals three percent of the
52.19 homeowner's total household income for the year preceding either the initial application or
52.20 the resumption of eligibility certification, whichever is applicable. Following approval of
52.21 the initial application, the commissioner shall determine the qualifying homeowner's
52.22 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment
52.23 year for any homeowner whose total household income for the previous year exceeds
52.24 ~~\$96,000~~ \$110,000. No tax shall be deferred in any year in which the homeowner does not
52.25 meet the program qualifications in section 290B.03. The maximum allowable total deferral
52.26 is equal to 75 percent of the assessor's estimated market value for the year, less the balance
52.27 of any mortgage loans and other amounts secured by liens against the property at the time
52.28 of application, including any unpaid and delinquent special assessments and interest and
52.29 any delinquent property taxes, penalties, and interest, but not including property taxes
52.30 payable during the year.

52.31 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
52.32 payable in 2026 and thereafter.

53.1 Sec. 15. Minnesota Statutes 2024, section 469.1812, is amended by adding a subdivision
53.2 to read:

53.3 Subd. 2a. **Land bank organization.** "Land bank organization" means an organization
53.4 that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited
53.5 property for future development, redevelopment, or disposal, and that is either:

53.6 (1) a nonprofit organization exempt from federal income taxation under section 501(c)(3)
53.7 of the Internal Revenue Code whose governing board members are elected or appointed by
53.8 the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of
53.9 the state of Minnesota or its political subdivisions, or are elected or appointed officials of
53.10 the state of Minnesota or any of its political subdivisions; or

53.11 (2) a limited liability company of which a nonprofit organization described in clause (1)
53.12 is the sole member.

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

53.14 Sec. 16. Minnesota Statutes 2024, section 469.1813, subdivision 1, is amended to read:

53.15 Subdivision 1. **Authority.** The governing body of a political subdivision may grant a
53.16 current or prospective abatement, by contract or otherwise, of the taxes imposed by the
53.17 political subdivision on a parcel of property, which may include personal property and
53.18 machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise
53.19 would apply, if:

53.20 (1) it expects the benefits to the political subdivision of the proposed abatement agreement
53.21 to at least equal the costs to the political subdivision of the proposed agreement or intends
53.22 the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

53.23 (2) it finds that doing so is in the public interest because it will:

53.24 (i) increase or preserve tax base;

53.25 (ii) provide employment opportunities in the political subdivision;

53.26 (iii) provide or help acquire or construct public facilities;

53.27 (iv) help redevelop or renew blighted areas;

53.28 (v) help provide access to services for residents of the political subdivision;

53.29 (vi) finance or provide public infrastructure;

(vii) phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel; ~~or~~

(viii) stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100;

(ix) provide for the development of affordable housing to households at or below 80 percent of area median income as estimated by the United States Department of Housing and Urban Development for the political subdivision in which the project is located; or

(x) allow the property to be held by a land bank organization for future development.

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

Sec. 17. Minnesota Statutes 2024, section 469.1813, subdivision 6, is amended to read:

Subd. 6. Duration limit. (a) A political subdivision may grant an abatement for a period no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The abatement period commences in the first year in which the abatement granted is either paid or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement. Economic abatement agreements for real and personal property subject to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and may be granted successively.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the

55.1 parcel during the period of the abatement granted by the requesting political subdivision.

55.2 The duration limit may not be reduced below the limit under paragraph (a).

55.3 (c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for
55.4 a period no longer than five years. This limit also applies if the resolution does not specify
55.5 a period of time.

55.6 **EFFECTIVE DATE.** This section is effective for abatement resolutions approved after
55.7 the day following final enactment.

55.8 Sec. 18. Minnesota Statutes 2024, section 469.1813, is amended by adding a subdivision
55.9 to read:

55.10 Subd. 11. **Repayment.** A land bank organization receiving an abatement under
55.11 subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land
55.12 for which the abatement was granted is used for a purpose other than the purpose given by
55.13 the land bank organization prior to redevelopment, as determined by the governing body
55.14 of the political subdivision that granted the abatement. The repayment must be paid to the
55.15 county treasurer and the county auditor shall distribute the repayment in the same proportion
55.16 to the political subdivision that granted the abatement. This subdivision applies immediately
55.17 after the abatement under this section expires and land is subject to repayment under this
55.18 subdivision for the same number of years that the abatement was granted. Interest under
55.19 this section is payable at the rate determined in section 270C.40, subdivision 5.

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

55.21 Sec. 19. **EXEMPTION FOR LAND HELD FOR ECONOMIC DEVELOPMENT.**

55.22 Notwithstanding Minnesota Statutes, section 272.02, subdivision 39, property owned
55.23 by the Port Authority of the city of Bloomington that was acquired by the Port Authority
55.24 in May 2016 and exempt under Minnesota Statutes, section 272.02, subdivision 39, for
55.25 taxes payable in 2017 through 2025, must continue to be exempt pursuant to Minnesota
55.26 Statutes, section 272.02, subdivision 39, for taxes payable in 2026 through 2031 provided
55.27 that the requirements of that subdivision are met. Notwithstanding Minnesota Statutes,
55.28 section 272.025, an initial application for the exemption under this section must be filed
55.29 with the assessor by June 30, 2025.

55.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
55.31 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
55.32 Statutes, section 645.021, subdivisions 2 and 3.

56.1 Sec. 20. **PROPERTY TAX EXEMPTION; RED LAKE NATION COLLEGE.**

56.2 (a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b),
56.3 and any other law to the contrary, property located in the city of Minneapolis acquired by
56.4 Red Lake Nation College Without Borders, LLC in either August 2021 or September 2021
56.5 is exempt from property taxes payable in 2022 and the portion of property taxes payable in
56.6 2021 due after the property was acquired. An amount necessary to make a payment to the
56.7 county for the property taxes that would be payable but for the exemption is appropriated
56.8 from the general fund to the commissioner of revenue in fiscal year 2026. All prior year
56.9 penalties, interest, and costs are canceled.

56.10 (b) By August 1, 2025, the auditor of the county in which the property is located must
56.11 certify to the commissioner of revenue the amount to be paid by the commissioner of revenue
56.12 to the county under paragraph (a). The commissioner of revenue must make this payment
56.13 by August 15, 2025.

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

56.15 Sec. 21. **REPORT ON STRATEGIES TO REDUCE PROPERTY TAXES.**

56.16 No later than February 1, 2026, the commissioner of revenue must submit to the chairs
56.17 and ranking minority members of the legislative committees with jurisdiction over taxation
56.18 a report on reducing property taxes paid by homeowners and renters. The report must
56.19 describe the advantages and disadvantages of reducing property taxes through different
56.20 policy approaches, including:

56.21 (1) homeowner property tax refunds under Minnesota Statutes, chapter 290A, and the
56.22 renter's credit under Minnesota Statutes, section 290.0693;

56.23 (2) property tax market value exclusions;

56.24 (3) property tax credits; or

56.25 (4) simplification of property tax class rates.

56.26 **ARTICLE 4**

56.27 **PROPERTY TAX AIDS**

56.28 Section 1. **2023 AID PENALTY FORGIVENESS; CITY OF ALPHA.**

56.29 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Alpha
56.30 must receive its aid payment for calendar year 2023 under Minnesota Statutes, section
56.31 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,

provided the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2022 from the city of Alpha by June 1, 2025. The commissioner of revenue must make a payment of \$18,472 to the city of Alpha by June 30, 2025. An amount sufficient to pay aid under this section is appropriated in fiscal year 2025 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

Sec. 2. **BASE YEAR FORMULA AID FOR THE CITY OF BALDWIN.**

For the calculation under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, for aids payable in 2026, the city of Baldwin's aid for 2025, used in calculating aid payable in 2026, is deemed to be equal to \$2.85 multiplied by Baldwin's 2023 population.

EFFECTIVE DATE. This section is effective for aids payable in 2026 only.

Sec. 3. **2024 AID PENALTY FORGIVENESS; CITY OF ODIN.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Odin must receive its aid payment for calendar year 2024 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2023 from the city of Odin by June 1, 2025. The commissioner of revenue must make a payment of \$39,909 to the city of Odin by June 30, 2025.

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

Sec. 4. **2023 AID PENALTY FORGIVENESS; CITY OF STEWART.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2022 from the city of Stewart by June 1, 2025. The commissioner of revenue must make a payment of \$87,501.50 to the city of Stewart by June 30, 2025. An amount sufficient to pay aid under this section is appropriated in fiscal year 2025 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

Sec. 5. **2024 AID PENALTY FORGIVENESS; CITY OF TROSKY.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Trosky must receive its aid payment for calendar year 2024 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2023 from the city of Trosky by June 1, 2025. The commissioner of revenue must make a payment of \$25,003 to the city of Trosky by June 30, 2025.

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

ARTICLE 5

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2024, section 469.174, subdivision 10, is amended to read:

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

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

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

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

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

(ii) are located adjacent to rail facilities; and

59.1 (iii) have been removed or are unused, underused, inappropriately used, or infrequently
59.2 used; ~~or~~

59.3 (4) a qualifying disaster area, as defined in subdivision 10b.; or

59.4 (5) the property consists of vacant, unused, underused, inappropriately used, or
59.5 infrequently used property intended or recently occupied for commercial or industrial
59.6 purposes, and the property is located within the city of Minneapolis, Duluth, or St. Paul.

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

59.12 (c) A building is not structurally substandard if it is in compliance with the building
59.13 code applicable to new buildings or could be modified to satisfy the building code at a cost
59.14 of less than 15 percent of the cost of constructing a new structure of the same square footage
59.15 and type on the site. The municipality may find that a building is not disqualified as
59.16 structurally substandard under the preceding sentence on the basis of reasonably available
59.17 evidence, such as the size, type, and age of the building, the average cost of plumbing,
59.18 electrical, or structural repairs, or other similar reliable evidence. The municipality may not
59.19 make such a determination without an interior inspection of the property, but need not have
59.20 an independent, expert appraisal prepared of the cost of repair and rehabilitation of the
59.21 building. An interior inspection of the property is not required, if the municipality finds that
59.22 (1) the municipality or authority is unable to gain access to the property after using its best
59.23 efforts to obtain permission from the party that owns or controls the property; and (2) the
59.24 evidence otherwise supports a reasonable conclusion that the building is structurally
59.25 substandard. Items of evidence that support such a conclusion include recent fire or police
59.26 inspections, on-site property tax appraisals or housing inspections, exterior evidence of
59.27 deterioration, or other similar reliable evidence. Written documentation of the findings and
59.28 reasons why an interior inspection was not conducted must be made and retained under
59.29 section 469.175, subdivision 3, clause (1). Failure of a building to be disqualified under the
59.30 provisions of this paragraph is a necessary, but not a sufficient, condition to determining
59.31 that the building is substandard.

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 2. Minnesota Statutes 2024, section 469.175, subdivision 3, is amended to read:

Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The

published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project.

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

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

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

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

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district or if the district is a redevelopment district determined to meet the criteria of section 469.174, subdivision 10, paragraph (a), clause (5);

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

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

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

62.1 (c) When the municipality and the authority are not the same, the municipality shall
62.2 approve or disapprove the tax increment financing plan within 60 days of submission by
62.3 the authority. When the municipality and the authority are not the same, the municipality
62.4 may not amend or modify a tax increment financing plan except as proposed by the authority
62.5 pursuant to subdivision 4. Once approved, the determination of the authority to undertake
62.6 the project through the use of tax increment financing and the resolution of the governing
62.7 body shall be conclusive of the findings therein and of the public need for the financing.

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

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

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

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

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

62.19 (f) Before or at the time of approval of the tax increment financing plan for a district to
62.20 be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph
62.21 (d), the municipality shall make the following findings and set forth in writing the reasons
62.22 and supporting facts for each determination:

62.23 (1) the city is located outside of the metropolitan area, as defined in section 473.121,
62.24 subdivision 2;

62.25 (2) the average vacancy rate for rental housing located in the municipality and in any
62.26 statutory or home rule charter city located within 15 miles or less of the boundaries of the
62.27 municipality has been three percent or less for at least the immediately preceding two-year
62.28 period;

62.29 (3) at least one business located in the municipality or within 15 miles of the municipality
62.30 that employs a minimum of 20 full-time equivalent employees in aggregate has provided a
62.31 written statement to the municipality indicating that the lack of available rental housing has
62.32 impeded the ability of the business to recruit and hire employees; and

(4) the municipality and the development authority intend to use increments from the district for the development of rental housing to serve employees of businesses located in the municipality or surrounding area.

(g) The county auditor may not certify the original tax capacity of an economic development tax increment financing district for a workforce housing project if the request for certification is made after June 30, 2027.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 3. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect, by resolution, to transfer unobligated increment for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, ~~2025~~ 2026, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirement of clause (1) financially feasible.

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment, including the use of interest earned on transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing. Prior

64.1 to December 31, 2025, the municipality may amend a written spending plan to extend the
64.2 date by which transferred increment may be used, and to authorize use of interest earned
64.3 on transferred increment, after holding a public hearing as required in this section. A signed
64.4 and approved copy of the amended plan must be filed with the state auditor. Interest earned
64.5 on transferred increment may be treated the same as transferred increment regardless of
64.6 whether a municipality amends a spending plan.

64.7 (d) Increment that is improperly retained, received, spent, or transferred is not eligible
64.8 for transfer under this subdivision.

64.9 (e) An authority making a transfer under this subdivision must provide to the Office of
64.10 the State Auditor a copy of the spending plan approved and signed by the municipality.

64.11 (f) The authority to transfer increments under this subdivision expires on December 31,
64.12 2022. All transferred increments must be spent, loaned, invested, or otherwise irrevocably
64.13 committed by December 31, 2025, or by December 31, 2026, if authorized by an amended
64.14 spending plan pursuant to paragraph (c). Increment not spent, loaned, invested, or otherwise
64.15 irrevocably committed by December 31, 2025 the applicable deadline in the preceding
64.16 sentence, must be returned to the district. The requirement to return increment to the district
64.17 includes any proceeds, principal, and interest received on loans of transferred increment;
64.18 interest or investment earnings on transferred increment; or other repayments or returns of
64.19 transferred increment defined as tax increment under section 469.174, subdivision 25, that
64.20 remain in the funds or accounts of the authority or municipality on the applicable deadline,
64.21 or that are subsequently received by the authority or municipality. If the district has already
64.22 been decertified when increment is returned under this paragraph, the increment shall be
64.23 treated as excess increment and distributed as provided in subdivision 2, paragraph (c),
64.24 clause (4).

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

64.26 Sec. 4. Minnesota Statutes 2024, section 469.1761, subdivision 1, is amended to read:

64.27 Subdivision 1. **Requirement imposed.** (a) In order for a tax increment financing district
64.28 to qualify as a housing district:

64.29 (1) the income limitations provided in this section must be satisfied if the district is
64.30 located in a metropolitan county as defined in section 473.121, subdivision 4; and

64.31 (2) no more than 20 percent of the square footage of buildings that receive assistance
64.32 from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located in a targeted area as defined in section 462C.02, subdivision 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

(1) construction of the addition begins more than three years after construction of the existing structure was completed; and

(2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 5. Minnesota Statutes 2024, section 469.1761, subdivision 3, is amended to read:

Subd. 3. **Rental property.** For residential rental property, the property must satisfy the income requirements for a qualified ~~residential rental~~ low-income housing project as defined in section ~~442(d)~~ 42(g) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Sec. 6. Minnesota Statutes 2024, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995,

the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues derived from tax increments paid by properties in the district that are expended on costs under section 469.176, subdivision 4h, may be deducted first before calculating the percentages that must be expended within and without the district.

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

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

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ~~ten~~ 15 percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

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

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

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

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

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

or

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

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired; ~~or~~

(5) be used to assist owner-occupied housing that meets the requirements of section 469.1761, subdivision 2; or

(6) be used for transfer to a housing trust fund established pursuant to section 462C.16 for expenditure in accordance with subdivision 7.

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

(f) For purposes of determining whether the minimum percentage of expenditures for activities in the district and maximum percentages of expenditures allowed on activities outside the district have been met under this subdivision, any amounts returned to the county auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total revenues derived from tax increments paid by properties in the district. Any other amounts returned to the county auditor for purposes other than a remedy under section 469.1771, subdivision 3, are considered to be expenditures for activities in the district.

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

Sec. 7. Minnesota Statutes 2024, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district that are expended on an activity within the district will instead be considered to have been expended on an activity outside the district for purposes of subdivision 2 unless:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification of the district, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) revenues are spent for housing purposes as described by subdivision 2, paragraph (b).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

(d) For a redevelopment district that was certified after December 31, 2017, and before June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years after certification of the district.

(e) For any district certified after June 30, 2025, and not located in a metropolitan county, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For purposes of this paragraph, "metropolitan county" has the meaning given in section 473.121, subdivision 4.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

69.1 Sec. 8. Minnesota Statutes 2024, section 469.1763, subdivision 4, is amended to read:

69.2 Subd. 4. **Use of revenues for decertification.** (a) Beginning with the sixth year following
69.3 certification of the district, or beginning with the year following the extended period for
69.4 districts whose five-year period is extended under subdivision 3, ~~paragraphs~~ paragraph (c)
69.5 ~~and, (d), or (e),~~ a district must be decertified when the product of the applicable in-district
69.6 percentage multiplied by the cumulative revenues derived from tax increments paid by
69.7 properties in the district that have been collected through the end of the calendar year, equals
69.8 or exceeds an amount sufficient to pay the following:

69.9 (1) any costs and obligations described in subdivision 3, paragraphs (a) and (b), excluding
69.10 those under a qualifying pay-as-you-go contract and note;

69.11 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance
69.12 with the terms thereof; and

69.13 (3) any administrative expenses falling within the exception in subdivision 2, paragraph
69.14 (c).

69.15 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the
69.16 required decertification under paragraph (a) is deferred until the end of the remaining term
69.17 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable
69.18 in-district percentage of cumulative revenues derived from tax increments paid by properties
69.19 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs
69.20 (a) and (b), provided that the deferral shall not exceed the district's duration limit under
69.21 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise
69.22 require decertification, the authority must annually either:

69.23 (1) remove from the district, by the end of the year, all parcels that will no longer have
69.24 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and
69.25 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after
69.26 the end of the year; or

69.27 (2) use the applicable in-district percentage of revenues derived from tax increments
69.28 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note
69.29 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and
69.30 (b), or to accumulate and use revenues derived from tax increments paid by those parcels
69.31 as permitted under paragraph (i).

69.32 The authority must remove any parcels as required by this paragraph by modification
69.33 of the tax increment financing plan and notify the county auditor of the removed parcels by

the end of the same calendar year. Notwithstanding section 469.175, subdivision 4, paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings required for approval of the original plan are not required for such a modification.

(c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August 1, 2023, to a bond other than a pay-as-you-go contract and note or interfund loan, and the proceeds of the bond were used solely or in part to pay authorized costs for activities outside the district, the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to the bond being fully paid or defeased.

(d) For purposes of this subdivision, "applicable in-district percentage" means the percentage of tax increment revenue that is restricted for expenditures within the district, as determined under subdivision 2, paragraphs (a) and (d), for the district.

(e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means a pay-as-you-go contract and note that is considered to be for activities within the district under subdivision 3, paragraph (a).

(f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues derived from tax increments paid by properties in the district through the end of the calendar year shall include any final settlement distributions made in the following January. For purposes of the calculation in paragraph (a), any amounts returned to the county auditor as excess increment or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the cumulative revenues derived from tax increments paid by properties in the district.

(g) The timing and implementation of a decertification pursuant to paragraphs (a) and (b) shall be subject to the following:

(1) when a decertification is required under paragraph (a) and not deferred under paragraph (b), the authority must, as soon as practical and no later than the final settlement distribution date of January 25 as identified in section 276.111 for the property taxes payable in the calendar year identified in paragraph (a), make the decertification by resolution effective for the end of the calendar year identified in paragraph (a), and communicate the decertification to the county auditor;

(2) when a decertification is deferred under paragraph (b), the authority must, by December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches termination, make the decertification by resolution effective for the end of that calendar year and communicate the decertification to the county auditor;

(3) if the county auditor is unable to prevent tax increments from being calculated for taxes payable in the year following the year for which the decertification is made effective, the county auditor may redistribute the tax increments in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first distributing them to the authority; and

(4) if tax increments are distributed to an authority for a taxes payable year after the year for which the decertification was required to be effective, the authority must return the amount of the distributions to the county auditor for redistribution in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

(h) The provisions of this subdivision do not apply to a housing district.

(i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has made the election in the tax increment financing plan for the district under subdivision 2, paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to such time that the accumulated revenues derived from tax increments paid by properties in the district that are eligible to be expended for housing purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the authority is permitted to expend for housing purposes described under subdivision 2, paragraph (d), or the amount authorized for such purposes in the tax increment financing plan. Increment revenues collected after the district would have decertified under paragraph (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent the exception of this paragraph, shall be used solely for housing purposes as described in subdivision 2, paragraph (d).

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 9. Minnesota Statutes 2024, section 469.1763, is amended by adding a subdivision to read:

Subd. 7. Increment transferred to a housing trust fund. (a) A city making a transfer under subdivision 2, paragraph (d), clause (6), must allocate the transferred increment in conformity with the city's ordinance or policy establishing the division of funds for rental and homeownership distributions. Funds distributed under this subdivision must follow the following income requirements:

(1) for funds used for rental housing purposes, the funds must benefit households at or below 60 percent of area median income; and

72.1 (2) for funds used for homeownership housing purposes, the funds must benefit
72.2 households at or below 120 percent of area median income.

72.3 (b) Any increment transferred for use pursuant to this subdivision is no longer considered
72.4 increment within the meaning of section 469.174, subdivision 25, and is not subject to the
72.5 annual reporting requirements imposed by section 469.175.

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

72.7 Sec. 10. Minnesota Statutes 2024, section 469.177, subdivision 1, is amended to read:

72.8 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment
72.9 financing plan, the auditor of any county in which the district is situated shall, upon request
72.10 of the authority, certify the original net tax capacity of the tax increment financing district
72.11 and that portion of the district overlying any subdistrict as described in the tax increment
72.12 financing plan and shall certify in each year thereafter the amount by which the original net
72.13 tax capacity has increased or decreased as a result of a change in tax exempt status of
72.14 property within the district and any subdistrict, reduction or enlargement of the district or
72.15 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after
72.16 receipt of the request and sufficient information to identify the parcels included in the district.
72.17 The certification relates to the taxes payable year as provided in subdivision 6.

72.18 (b) If the classification under section 273.13 of property located in a district changes to
72.19 a classification that has a different assessment ratio, the original net tax capacity of that
72.20 property must be redetermined at the time when its use is changed as if the property had
72.21 originally been classified in the same class in which it is classified after its use is changed.

72.22 (c) The amount to be added to the original net tax capacity of the district as a result of
72.23 previously tax exempt real property within the district becoming taxable equals the net tax
72.24 capacity of the real property as most recently assessed pursuant to information reported to
72.25 the commissioner under section 270C.85, subdivision 2, clause (4), or, if that assessment
72.26 was made more than one year prior to the date of title transfer rendering the property taxable,
72.27 the net tax capacity assessed by the assessor at the time of the transfer. If improvements are
72.28 made to tax exempt property after the municipality approves the district and before the
72.29 parcel becomes taxable, the assessor shall, at the request of the authority, separately assess
72.30 the estimated market value of the improvements. If the property becomes taxable, the county
72.31 auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding
72.32 the separately assessed improvements. If substantial taxable improvements were made to
72.33 a parcel after certification of the district and if the property later becomes tax exempt, in
72.34 whole or part, as a result of the authority acquiring the property through foreclosure or

73.1 exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture,
73.2 the amount to be added to the original net tax capacity of the district as a result of the
73.3 property again becoming taxable is the amount of the parcel's value that was included in
73.4 original net tax capacity when the parcel was first certified. The amount to be added to the
73.5 original net tax capacity of the district as a result of enlargements equals the net tax capacity
73.6 of the added real property as most recently certified by the commissioner of revenue as of
73.7 the date of modification of the tax increment financing plan pursuant to section 469.175,
73.8 subdivision 4.

73.9 (d) If the net tax capacity of a property increases because the property no longer qualifies
73.10 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open
73.11 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,
73.12 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because
73.13 platted, unimproved property is improved or market value is increased after approval of the
73.14 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be
73.15 added to the original net tax capacity. If the net tax capacity of a property increases because
73.16 the property no longer qualifies for the homestead market value exclusion under section
73.17 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax
73.18 capacity if the original construction of the affected home was completed before the date the
73.19 assessor certified the original net tax capacity of the district.

73.20 (e) The amount to be subtracted from the original net tax capacity of the district as a
73.21 result of previously taxable real property within the district becoming tax exempt or
73.22 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
73.23 the geographic area of the district, shall be the amount of original net tax capacity initially
73.24 attributed to the property becoming tax exempt, being excluded from taxable market value,
73.25 or being removed from the district. If the net tax capacity of property located within the tax
73.26 increment financing district is reduced by reason of a court-ordered abatement, stipulation
73.27 agreement, voluntary abatement made by the assessor or auditor or by order of the
73.28 commissioner of revenue, the reduction shall be applied to the original net tax capacity of
73.29 the district when the property upon which the abatement is made has not been improved
73.30 since the date of certification of the district and to the captured net tax capacity of the district
73.31 in each year thereafter when the abatement relates to improvements made after the date of
73.32 certification. The county auditor may specify reasonable form and content of the request
73.33 for certification of the authority and any modification thereof pursuant to section 469.175,
73.34 subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the classification rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

(h) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (5), as a property with vacant or underused commercial or industrial buildings, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a commercial or industrial building determined to be vacant or underused.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 11. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter 112, article 11, section 16, is amended to read:

Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax

75.1 increment financing district that was certified before the date of enactment of this act may
75.2 be included in the district created under this act if the initial district is decertified.

75.3 (b) The requirements for qualifying a redevelopment tax increment district under
75.4 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located
75.5 within the district.

75.6 (c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.
75.7 Eligible expenditures within the district include but are not limited to (1) the city's share of
75.8 the costs necessary to provide for the construction of the Northstar Transit Station and
75.9 related infrastructure, including structured parking, a pedestrian overpass, and roadway
75.10 improvements, (2) the cost of land acquired by the city or the housing and redevelopment
75.11 authority in and for the city of Ramsey within the district prior to the establishment of the
75.12 district, and (3) the cost of public improvements installed within the tax increment financing
75.13 district prior to the establishment of the district.

75.14 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
75.15 must be undertaken within a five-year period from the date of certification of a tax increment
75.16 financing district, is considered to be met for the district if the activities were undertaken
75.17 within ten years from the date of certification of the district.

75.18 (e) Except for administrative expenses, the in-district percentage for purposes of the
75.19 restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this
75.20 district is 100 percent.

75.21 (f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not
75.22 apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred
75.23 after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of
75.24 the tax increment financing plan for the district.

75.25 (g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph
75.26 (b), is considered to be met for the district if the city adopts interfund loan resolutions
75.27 reflecting the terms and conditions required by Minnesota Statutes, section 469.178,
75.28 subdivision 7, paragraph (d), by December 31, 2025.

75.29 **EFFECTIVE DATE.** This section is effective the day after the city of Ramsey and its
75.30 chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021,
75.31 subdivisions 2 and 3.

76.1 Sec. 12. Laws 2013, chapter 143, article 9, section 21, is amended to read:

76.2 Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING DISTRICT;**
76.3 **SPECIAL RULES.**

76.4 (a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan
76.5 for a district, the rules under this section apply to one or more redevelopment tax increment
76.6 financing districts established by the city or the economic development authority of the city.
76.7 The area within which the redevelopment tax increment districts may be created is parcel
76.8 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and
76.9 the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation
76.10 and Retention Project Area" or "project area."

76.11 (b) The requirements for qualifying redevelopment tax increment districts under
76.12 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is
76.13 deemed eligible for inclusion in a redevelopment tax increment district.

76.14 (c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does
76.15 not apply to the parcel.

76.16 (d) ~~The expenditures outside district rule under Minnesota Statutes, section 469.1763,~~
76.17 ~~subdivision 2, does not apply;~~ The five-year rule under Minnesota Statutes, section 469.1763,
76.18 subdivision 3, is extended to ten years; and expenditures must only be made within the
76.19 project area or the area bounded by State Highway 61 to the West, Interstate Highway 694
76.20 to the North, McKnight Road to the East, and a line extending from Frost Avenue through
76.21 to McKnight Road to the South.

76.22 (e) If, after one year from the date of certification of the original net tax capacity of the
76.23 tax increment district, no demolition, rehabilitation, or renovation of property has been
76.24 commenced on a parcel located within the tax increment district, no additional tax increment
76.25 may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded
76.26 from the original net tax capacity of the tax increment district. If 3M Company subsequently
76.27 commences demolition, rehabilitation, or renovation, the authority shall certify to the county
76.28 auditor that the activity has commenced, and the county auditor shall certify the net tax
76.29 capacity thereof as most recently certified by the commissioner of revenue and add it to the
76.30 original net tax capacity of the tax increment district. The authority must submit to the
76.31 county auditor evidence that the required activity has taken place for each parcel in the
76.32 district.

(f) The authority to approve a tax increment financing plan and to establish a tax increment financing district under this section expires December 31, 2018.

EFFECTIVE DATE. This section is effective the day after the city of Maplewood and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First Special Session chapter 1, article 6, section 12, is amended to read:

Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way

78.1 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of
78.2 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west
78.3 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot
78.4 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North
78.5 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east
78.6 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south
78.7 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State
78.8 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the
78.9 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of
78.10 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way
78.11 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
78.12 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
78.13 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
78.14 and there terminating, provided that the project area includes the rights-of-way for all present
78.15 and future highway interchanges abutting the area described in this paragraph, and may
78.16 include any additional property necessary to cause the property included in the tax increment
78.17 financing district to consist of complete parcels.

78.18 (d) "Soil deficiency district" means a type of tax increment financing district consisting
78.19 of a portion of the project area in which the city finds by resolution that the following
78.20 conditions exist:

78.21 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
78.22 the district require substantial filling, grading, or other physical preparation for use; and

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

78.28 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
78.29 financing plan for a district, the rules under this section apply to a redevelopment district,
78.30 renewal and renovation district, soil condition district, or soil deficiency district established
78.31 by the city or a development authority of the city in the project area.

78.32 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
78.33 rules under this subdivision, the city must find by resolution that parcels consisting of at

79.1 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
79.2 are characterized by one or more of the following conditions:

79.3 (1) peat or other soils with geotechnical deficiencies that impair development of
79.4 commercial buildings or infrastructure;

79.5 (2) soils or terrain that require substantial filling in order to permit the development of
79.6 commercial buildings or infrastructure;

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

79.8 (4) quarries or similar resource extraction sites;

79.9 (5) floodway; and

79.10 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
79.11 subdivision 10.

79.12 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
79.13 relevant condition if at least 70 percent of the area of the parcel contains the relevant
79.14 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
79.15 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
79.16 parcel.

79.17 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
79.18 extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763,
79.19 subdivision 4, does not apply to any district.

79.20 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
79.21 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
79.22 increments paid by properties in any district, measured over the life of the district, may be
79.23 expended on activities outside the district but within the project area.

79.24 (f) For a soil deficiency district:

79.25 (1) increments may be collected through ~~20~~ 25 years after the receipt by the authority
79.26 of the first increment from the district;

79.27 (2) increments may be used only to:

79.28 (i) acquire parcels on which the improvements described in item (ii) will occur;

79.29 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
79.30 cost of installing public improvements directly caused by the deficiencies; and

79.31 (iii) pay for the administrative expenses of the authority allocable to the district; and

80.1 (3) any parcel acquired with increments from the district must be sold at no less than
80.2 their fair market value.

80.3 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
80.4 district but within the project area, are deemed to satisfy the requirements of Minnesota
80.5 Statutes, section 469.176, subdivision 4j.

80.6 (h) The authority to approve tax increment financing plans to establish tax increment
80.7 financing districts under this section expires June 30, 2020.

80.8 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use
80.9 increments from a soil deficiency district to acquire parcels and for other infrastructure costs
80.10 either inside or outside of the district, but within the project area, if the acquisition or
80.11 infrastructure is for a qualified development. For purposes of this paragraph, a development
80.12 is a qualified development only if all of the following requirements are satisfied:

80.13 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken
80.14 primarily to serve the development;

80.15 (2) the city has a binding, written commitment and adequate financial assurances from
80.16 the developer that the development will be constructed; and

80.17 (3) the development does not consist of retail trade or housing improvements.

80.18 **EFFECTIVE DATE.** (a) The amendment to subdivision 2, paragraph (f), is effective
80.19 upon compliance by the city of Maple Grove, Hennepin County, and Independent School
80.20 District No. 279 with the requirements of Minnesota Statutes, section 469.1782, subdivision
80.21 2.

80.22 (b) The amendment to subdivision 2, paragraph (d), is effective the day after the
80.23 governing body of the city of Maple Grove and its chief clerical officer comply with the
80.24 requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

80.25 Sec. 14. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to
80.26 read:

80.27 **Sec. 22. CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

80.28 (a) For purposes of computing the duration limits under Minnesota Statutes, section
80.29 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul
80.30 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing

81.1 District. This authority is limited to the first four years of increment or increments derived
81.2 from taxes payable in 2023, whichever occurs first.

81.3 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of
81.4 applying any limits based on when the district was certified under Minnesota Statutes,
81.5 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed
81.6 to be January 2 of the property tax assessment year for which increment is first received
81.7 under the waiver.

81.8 (c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
81.9 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
81.10 4, relating to the use of increment after the expiration of the five-year period, is extended
81.11 to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city
81.12 of St. Paul.

81.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
81.14 city of St. Paul and its chief clerical officer comply with the requirements of Minnesota
81.15 Statutes, section 645.021, subdivisions 2 and 3.

81.16 Sec. 15. **CITY OF BROOKLYN CENTER; TIF AUTHORITY.**

81.17 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
81.18 economic development authority of the city of Brooklyn Center or the city of Brooklyn
81.19 Center may establish not more than two redevelopment tax increment financing districts
81.20 located wholly within the area in the city identified as the "Opportunity Site," which includes
81.21 the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway
81.22 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked
81.23 Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin
81.24 County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked
81.25 Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads
81.26 and rights of way.

81.27 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing
81.28 district under this section, the following special rules apply:

81.29 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section
81.30 469.174, subdivision 10; and

81.31 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

81.32 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
81.33 a tax increment financing district under this section expires on December 31, 2031.

82.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
82.2 city of Brooklyn Center and its chief clerical officer comply with the requirements of
82.3 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

82.4 Sec. 16. **CITY OF BROOKLYN PARK; TIF AUTHORITY; 610/ZANE AREA.**

82.5 **Subdivision 1. Establishment of districts.** Under the special rules established in
82.6 subdivision 2, the economic development authority of the city of Brooklyn Park or the city
82.7 of Brooklyn Park may establish not more than two redevelopment districts located wholly
82.8 within the area of the city of Brooklyn Park. The districts may be comprised of the following
82.9 parcels identified by their current parcel identification numbers together with adjacent and
82.10 internal roads and rights-of-way:

82.11	<u>0811921410009</u>	<u>0811921140050</u>	<u>0811921140051</u>	<u>0911921120005</u>	<u>0911921210007</u>
82.12	<u>0911921230008</u>	<u>0911921230049</u>	<u>0911921240006</u>	<u>0911921240009</u>	<u>0911921310004</u>
82.13	<u>0911921320018</u>	<u>0911921330009</u>	<u>0911921430006</u>	<u>0911921430014</u>	<u>0911921430015</u>
82.14	<u>0911921430019</u>	<u>0911921430020</u>	<u>0911921430028</u>	<u>0911921430030</u>	<u>0911921430033</u>
82.15	<u>0911921430037</u>	<u>0911921430038</u>	<u>0911921430040</u>	<u>0911921430048</u>	<u>0911921430054</u>
82.16	<u>0911921430055</u>	<u>0911921430059</u>	<u>0911921430069</u>	<u>0911921430071</u>	<u>0911921430072</u>
82.17	<u>0911921430076</u>	<u>0911921430080</u>	<u>0911921430081</u>	<u>0911921430082</u>	<u>0911921430083</u>
82.18	<u>0911921430086</u>	<u>0911921430087</u>	<u>0911921430088</u>	<u>0911921430094</u>	<u>0911921430095</u>
82.19	<u>0911921430099</u>	<u>0911921430104</u>	<u>0911921430114</u>	<u>0911921210005</u>	<u>0911921210095</u>
82.20	<u>0911921220070</u>	<u>0911921220071</u>	<u>0911921230009</u>	<u>0911921230010</u>	<u>0911921230011</u>
82.21	<u>0911921230012</u>	<u>0911921230013</u>	<u>0911921240005</u>	<u>0911921240008</u>	<u>0911921310007</u>
82.22	<u>0911921310009</u>	<u>0911921320023</u>	<u>0911921330008</u>	<u>0911921330011</u>	<u>0911921340008</u>
82.23	<u>0911921340014</u>	<u>0911921340017</u>	<u>0911921430018</u>	<u>0911921430024</u>	<u>0911921430025</u>
82.24	<u>0911921430029</u>	<u>0911921430034</u>	<u>0911921430035</u>	<u>0911921430039</u>	<u>0911921430044</u>
82.25	<u>0911921430045</u>	<u>0911921430049</u>	<u>0911921430058</u>	<u>0911921430060</u>	<u>0911921430061</u>
82.26	<u>0911921430062</u>	<u>0911921430063</u>	<u>0911921430067</u>	<u>0911921430068</u>	<u>0911921430090</u>
82.27	<u>0911921430093</u>	<u>0911921430097</u>	<u>0911921430098</u>	<u>0911921430102</u>	<u>0911921430103</u>
82.28	<u>0911921430112</u>	<u>0911921430113</u>	<u>0911921430120</u>	<u>0811921440008</u>	<u>0911921210006</u>
82.29	<u>0911921210096</u>	<u>0911921210100</u>	<u>0911921210101</u>	<u>0911921220008</u>	<u>0911921220017</u>
82.30	<u>0911921230014</u>	<u>0911921230015</u>	<u>0911921240004</u>	<u>0911921240007</u>	<u>0911921310010</u>
82.31	<u>0911921310011</u>	<u>0911921310012</u>	<u>0911921330010</u>	<u>0911921330012</u>	<u>0911921340009</u>
82.32	<u>0911921430013</u>	<u>0911921430017</u>	<u>0911921430021</u>	<u>0911921430022</u>	<u>0911921430026</u>
82.33	<u>0911921430031</u>	<u>0911921430032</u>	<u>0911921430036</u>	<u>0911921430041</u>	<u>0911921430042</u>
82.34	<u>0911921430046</u>	<u>0911921430053</u>	<u>0911921430057</u>	<u>0911921430064</u>	<u>0911921430065</u>
82.35	<u>0911921430073</u>	<u>0911921430077</u>	<u>0911921430078</u>	<u>0911921430100</u>	<u>0911921430105</u>
82.36	<u>0911921430107</u>	<u>0911921430108</u>	<u>0911921430110</u>	<u>0911921430115</u>	<u>0911921430117</u>

83.1	<u>0911921430118</u>	<u>0911921210097</u>	<u>0911921210099</u>	<u>0911921220014</u>	<u>0911921220015</u>
83.2	<u>0911921220068</u>	<u>0911921230005</u>	<u>0911921320016</u>	<u>0911921320021</u>	<u>0911921320024</u>
83.3	<u>0911921330006</u>	<u>0911921340015</u>	<u>0911921340016</u>	<u>0911921430009</u>	<u>0911921430010</u>
83.4	<u>0911921430011</u>	<u>0911921430012</u>	<u>0911921430016</u>	<u>0911921430023</u>	<u>0911921430027</u>
83.5	<u>0911921430043</u>	<u>0911921430047</u>	<u>0911921430050</u>	<u>0911921430051</u>	<u>0911921430052</u>
83.6	<u>0911921430056</u>	<u>0911921430066</u>	<u>0911921430070</u>	<u>0911921430074</u>	<u>0911921430075</u>
83.7	<u>0911921430079</u>	<u>0911921430084</u>	<u>0911921430085</u>	<u>0911921430089</u>	<u>0911921430091</u>
83.8	<u>0911921430092</u>	<u>0911921430096</u>	<u>0911921430101</u>	<u>0911921430106</u>	<u>0911921430109</u>
83.9					<u>Unplatted</u>
83.10	<u>0911921430111</u>	<u>0911921430116</u>	<u>0911921430119</u>	<u>0611921440003</u>	<u>0611921</u>

83.11 Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing
 83.12 district under subdivision 1, the following special rules apply:

83.13 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 83.14 469.174, subdivision 10; and

83.15 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

83.16 Subd. 3. **Expiration.** The authority to request certification of any district under this
 83.17 section expires on December 31, 2031.

83.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 83.19 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
 83.20 Statutes, section 645.021, subdivisions 2 and 3.

83.21 Sec. 17. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BIOTECH AREA.**

83.22 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
 83.23 economic development authority of the city of Brooklyn Park or the city of Brooklyn Park
 83.24 may establish not more than two redevelopment districts located wholly within the area of
 83.25 the city of Brooklyn Park. The districts may be comprised of the following parcels identified
 83.26 by their current parcel identification numbers together with adjacent and internal roads and
 83.27 rights-of-way:

83.28	<u>0711921110007</u>	<u>0711921140001</u>	<u>0711921140002</u>	<u>0711921140007</u>	<u>0711921240002</u>
83.29	<u>0711921240004</u>	<u>0711921110005</u>	<u>0711921120009</u>	<u>0711921220003</u>	<u>0711921230001</u>
83.30	<u>0711921230002</u>	<u>0811921230004</u>	<u>0711921110004</u>	<u>0711921110006</u>	<u>0711921110008</u>
83.31	<u>0711921120005</u>	<u>0711921130005</u>	<u>0711921140005</u>	<u>0711921140006</u>	<u>0711921210003</u>
83.32	<u>0711921110003</u>	<u>0711921120006</u>	<u>0811921230002</u>	<u>0811921220002</u>	

83.33 Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing
 83.34 district under subdivision 1, the following special rules apply:

84.1 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 84.2 469.174, subdivision 10; and

84.3 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

84.4 Subd. 3. **Expiration.** The authority to request certification of any district under this
 84.5 section expires on December 31, 2031.

84.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 84.7 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
 84.8 Statutes, section 645.021, subdivisions 2 and 3.

84.9 Sec. 18. **CITY OF BROOKLYN PARK; TIF AUTHORITY; VILLAGE CREEK**
 84.10 **AREA.**

84.11 Subdivision 1. **Establishment of districts.** Upon the termination of Tax Increment
 84.12 Financing District No. 20 within the city of Brooklyn Park, under the special rules established
 84.13 in subdivision 2, the economic development authority of the city of Brooklyn Park or city
 84.14 of Brooklyn Park may establish not more than two redevelopment tax increment financing
 84.15 districts located wholly within the area of the city of Brooklyn Park. The districts may be
 84.16 comprised of the following parcels identified by their current parcel identification numbers:

84.17	<u>2011921430101</u>	<u>2011921440088</u>	<u>2011921430092</u>	<u>2011921430099</u>	<u>2111921330104</u>
84.18	<u>2111921340003</u>	<u>2111921340005</u>	<u>2111921340006</u>	<u>2111921340019</u>	<u>2111921340021</u>
84.19	<u>2111921330066</u>	<u>2111921330068</u>	<u>2111921340017</u>	<u>2111921340018</u>	<u>2811921130004</u>
84.20	<u>2811921130005</u>	<u>2811921140007</u>	<u>2811921210003</u>	<u>2811921220002</u>	<u>2811921220007</u>
84.21	<u>2811921240004</u>	<u>2811921240009</u>	<u>2811921240010</u>	<u>2811921240107</u>	<u>2811921310001</u>
84.22	<u>2811921340010</u>	<u>2911921120032</u>	<u>2811921130014</u>	<u>2811921130015</u>	<u>2811921130024</u>
84.23	<u>2811921140012</u>	<u>2811921210014</u>	<u>2811921210020</u>	<u>2811921210023</u>	<u>2811921210103</u>
84.24	<u>2811921220001</u>	<u>2811921220003</u>	<u>2811921220005</u>	<u>2811921240007</u>	<u>2811921340006</u>
84.25	<u>2911921120001</u>	<u>2911921120004</u>	<u>2011921440089</u>	<u>2111921330067</u>	<u>2111921340002</u>
84.26	<u>2111921340004</u>	<u>2111921340027</u>	<u>2111921340113</u>	<u>2811921120001</u>	<u>2811921130001</u>
84.27	<u>2811921130017</u>	<u>2811921130023</u>	<u>2811921210001</u>	<u>2811921210016</u>	<u>2811921210033</u>
84.28	<u>2811921210060</u>	<u>2811921210101</u>	<u>2811921240006</u>	<u>2811921240017</u>	<u>2911921110004</u>
84.29	<u>2911921120005</u>	<u>2011921430093</u>	<u>2011921430100</u>	<u>2011921430102</u>	<u>2011921430103</u>
84.30	<u>2111921330102</u>	<u>2111921330103</u>	<u>2111921340001</u>	<u>2111921340007</u>	<u>2111921340020</u>
84.31	<u>2111921340022</u>	<u>2811921120002</u>	<u>2811921120104</u>	<u>2811921130002</u>	<u>2811921130020</u>
84.32	<u>2811921130021</u>	<u>2811921210022</u>	<u>2811921210034</u>	<u>2811921210099</u>	<u>2811921210102</u>
84.33	<u>2811921220006</u>	<u>2811921240003</u>	<u>2811921240012</u>	<u>2811921340005</u>	<u>2811921340009</u>
84.34	<u>2911921110118</u>	<u>2911921120006</u>	<u>2911921120043</u>	<u>3311921210001</u>	

together with adjacent and internal roads and rights-of-way, and the following roadways within the city of Brooklyn Park: Zane Avenue North (from and including the intersection at 78th Avenue North to and including the intersection at Highway 94), Brooklyn Boulevard (from and including the intersection at the border of Brooklyn Center to and including the intersection at Kentucky Avenue North), Brookdale Drive North (from and including the intersection at Zane Avenue North to and including the intersection at Welcome Avenue North), Village Creek Parkway North, 77th Avenue North (from and including the intersection at Village Creek Parkway North to and including the intersection at Brookdale Drive North), 73rd Avenue North/Regent Avenue (from and including the intersection at Zane Avenue North to and including the intersection at Brooklyn Boulevard).

Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to request certification of any district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY; EDEN PRAIRIE CENTER.

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie may establish not more than two redevelopment districts located within the area of the city of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

86.1 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
86.2 a tax increment financing district under this section expires December 31, 2026.

86.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
86.4 city of Eden Prairie and its chief clerical officer comply with the requirements of Minnesota
86.5 Statutes, section 645.021, subdivisions 2 and 3.

86.6 Sec. 20. **CITY OF EDINA; 70TH AND FRANCE TIF DISTRICT; FIVE-YEAR**
86.7 **RULE EXTENSION; DURATION EXTENSION.**

86.8 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
86.9 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
86.10 4, relating to the use of increment after the expiration of the five-year period, is extended
86.11 to 11 years for Tax Increment Financing District 70th and France in the city of Edina.

86.12 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the
86.13 city of Edina or its housing and redevelopment authority may elect to extend the duration
86.14 of the district by ten years for Tax Increment Financing District 70th and France.

86.15 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
86.16 city of Edina and its chief clerical officer comply with the requirements of Minnesota
86.17 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
86.18 by the city of Edina, Hennepin County, and Independent School District No. 273 with the
86.19 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

86.20 Sec. 21. **CITY OF EDINA; 72ND AND FRANCE 2 TIF DISTRICT; FIVE-YEAR**
86.21 **RULE EXTENSION; DURATION EXTENSION.**

86.22 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
86.23 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
86.24 4, relating to the use of increment after the expiration of the five-year period, is extended
86.25 to 11 years for Tax Increment Financing District 72nd and France 2 in the city of Edina.

86.26 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the
86.27 city of Edina or its housing and redevelopment authority may elect to extend the duration
86.28 of the district by five years for Tax Increment Financing District 72nd and France 2.

86.29 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
86.30 city of Edina and its chief clerical officer comply with the requirements of Minnesota
86.31 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance

87.1 by the city of Edina, Hennepin County, and Independent School District No. 273 with the
87.2 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

87.3 **Sec. 22. CITY OF MARSHALL; TEMPORARY USE OF INCREMENT;**
87.4 **EXTENSION.**

87.5 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f),
87.6 the city of Marshall may elect to spend, loan, or invest transferred increment authorized
87.7 under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027,
87.8 provided that the transferred increment was collected from TIF District No. 1-1, TIF District
87.9 No. 1-7, or TIF District No. 2-1, in the city of Marshall, and the use of the transferred
87.10 increment is detailed in the city's written spending plan adopted pursuant to Minnesota
87.11 Statutes, section 469.176, subdivision 4n, paragraph (c).

87.12 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned
87.13 to the district. The requirement to return increment to the district includes any proceeds,
87.14 principal, and interest received on loans of transferred increment; interest or investment
87.15 earnings on transferred increment; or other repayments or returns of transferred increment
87.16 defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that
87.17 remain in the funds or accounts of the authority or municipality on December 31, 2027, or
87.18 that are subsequently received by the authority or municipality.

87.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
87.20 city of Marshall and its chief clerical officer comply with the requirements of Minnesota
87.21 Statutes, section 645.021, subdivisions 2 and 3.

87.22 **Sec. 23. CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE**
87.23 **EXTENSION.**

87.24 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
87.25 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
87.26 4, relating to the use of increment after the expiration of the five-year period, is extended
87.27 to 11 years for the Opus tax increment financing district established in 2021 by the economic
87.28 development authority in the city of Minnetonka.

87.29 (b) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

87.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
87.31 city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota
87.32 Statutes, section 645.021, subdivisions 2 and 3.

88.1 Sec. 24. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT**
88.2 **NO. 31; FIVE-YEAR RULE EXTENSION.**

88.3 The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
88.4 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
88.5 4, relating to the use of increment after the expiration of the five-year period, is extended
88.6 to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

88.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
88.8 city of Moorhead and its chief clerical officer comply with the requirements of Minnesota
88.9 Statutes, section 645.021, subdivisions 2 and 3.

88.10 Sec. 25. **CITY OF OAKDALE; TEMPORARY USE OF INCREMENT; EXTENSION.**

88.11 (a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f),
88.12 the city of Oakdale may elect to spend, loan, or invest transferred increment authorized
88.13 under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027,
88.14 provided that the transferred increment was collected from TIF District No. 1-4 or TIF
88.15 District No. 1-6, in the city of Oakdale, and the use of the transferred increment is detailed
88.16 in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176,
88.17 subdivision 4n, paragraph (c).

88.18 (b) Increment not spent, loaned, or invested by December 31, 2027, must be returned
88.19 to the district. The requirement to return increment to the district includes any proceeds,
88.20 principal, and interest received on loans of transferred increment; interest or invest earnings
88.21 on transferred increment; or other repayments or returns of transferred increment defined
88.22 as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in
88.23 the funds or accounts of the authority or municipality on December 31, 2027, or that are
88.24 subsequently received by the authority or municipality.

88.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
88.26 city of Oakdale and its chief clerical officer comply with the requirements of Minnesota
88.27 Statutes, section 645.021, subdivisions 2 and 3.

88.28 Sec. 26. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING;**
88.29 **ESTABLISHMENT.**

88.30 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
88.31 city of Plymouth may establish not more than two redevelopment districts located wholly
88.32 within the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as

89.1 the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024,
89.2 and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

89.3 Subd. 2. **Special rules.** If the city establishes a tax increment financing district under
89.4 this section, the following special rules apply:

89.5 (1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174,
89.6 subdivision 10;

89.7 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;
89.8 and

89.9 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
89.10 extended to ten years, and the period under Minnesota Statutes, section 469.1763, subdivision
89.11 4, relating to the use of increment after the expiration of the five-year period, is extended
89.12 to 11 years.

89.13 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
89.14 a tax increment financing district under this section expires December 31, 2031.

89.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
89.16 city of Plymouth and its chief clerical officer comply with the requirements of Minnesota
89.17 Statutes, section 645.021, subdivisions 2 and 3.

89.18 Sec. 27. **CITY OF ST. CLOUD; TAX INCREMENT FINANCING;**
89.19 **ESTABLISHMENT.**

89.20 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
89.21 economic development authority of the city of St. Cloud or the city of St. Cloud may establish
89.22 not more than two redevelopment districts adjacent to the Division Street corridor or within
89.23 the Central Business District or Fringe Central District, limited to the following parcels
89.24 identified by tax identification numbers, together with the adjacent roads and rights-of-way:

89.25 (1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North
89.26 Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015
89.27 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); and 82528850001
89.28 (Former Herberger's); and

89.29 (2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site);
89.30 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601;
89.31 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South
89.32 Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; and 170058900.

90.1 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
90.2 district under this section, the following special rules apply:

90.3 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
90.4 469.174, subdivision 10;

90.5 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;
90.6 and

90.7 (3) increments generated from the districts may be expended for the reconstruction,
90.8 expansion, or new construction of adjacent public infrastructure, including but not limited
90.9 to public parking, streets, and utilities necessary to serve the development, and all
90.10 expenditures under this clause are deemed expended on activities within the district for
90.11 purposes of Minnesota Statutes, section 469.1763.

90.12 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
90.13 a tax increment financing district under this section expires on December 31, 2031.

90.14 **EFFECTIVE DATE.** This section is effective the day after the city of St. Cloud and
90.15 its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021,
90.16 subdivisions 2 and 3.

90.17 Sec. 28. **CITY OF ST. CLOUD; COOPER AVENUE REDEVELOPMENT TAX**
90.18 **INCREMENT FINANCING DISTRICT; FIVE-YEAR RULE EXTENSION.**

90.19 The following special rule applies for the Cooper Avenue Redevelopment Tax Increment
90.20 Financing District administered by the city of St. Cloud. The requirement of Minnesota
90.21 Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year
90.22 period from the date of certification of a tax increment financing district, is extended by a
90.23 five-year period to April 30, 2031. Beginning in 2032, the requirements of Minnesota
90.24 Statutes, section 469.1763, subdivision 4, apply to the district.

90.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
90.26 city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota
90.27 Statutes, section 645.021, subdivisions 2 and 3.

91.1 **ARTICLE 6**

91.2 **PUBLIC FINANCE**

91.3 Section 1. Minnesota Statutes 2024, section 373.40, subdivision 2, is amended to read:

91.4 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county to finance
91.5 capital improvements under an approved capital improvement plan are not subject to the
91.6 election requirements of section 375.18 or 475.58. The bonds must be approved by vote of
91.7 at least three-fifths of the members of the county board. In the case of a metropolitan county,
91.8 the bonds must be approved by vote of at least two-thirds of the members of the county
91.9 board.

91.10 (b) Before issuance of bonds qualifying under this section, the county must publish a
91.11 notice of its intention to issue the bonds and the date and time of a hearing to obtain public
91.12 comment on the matter. The notice must be published in the official newspaper of the county
91.13 or in a newspaper of general circulation in the county. The notice must be published at least
91.14 ~~14~~ ten, but not more than 28, days before the date of the hearing.

91.15 (c) A county may issue the bonds only upon obtaining the approval of a majority of the
91.16 voters voting on the question of issuing the obligations, if a petition requesting a vote on
91.17 the issuance is signed by voters equal to five percent of the votes cast in the county in the
91.18 last county general election and is filed with the county auditor within 30 days after the
91.19 public hearing. If the county elects not to submit the question to the voters, the county shall
91.20 not propose the issuance of bonds under this section for the same purpose and in the same
91.21 amount for a period of 365 days from the date of receipt of the petition. If the question of
91.22 issuing the bonds is submitted and not approved by the voters, the provisions of section
91.23 475.58, subdivision 1a, shall apply.

91.24 Sec. 2. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

91.25 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the
91.26 meanings given.

91.27 (b) "Authority" means the Minnesota Public Facilities Authority.

91.28 (c) "Commissioner" means the commissioner of management and budget.

91.29 (d) "Debt obligation" means:

91.30 (1) a general obligation bond or note issued by a county, a bond or note to which the
91.31 general obligation of a county is pledged under section 469.034, subdivision 2, or a bond

92.1 or note payable from a county lease obligation under section 641.24, to provide funds for
92.2 the construction of:

92.3 (i) jails;

92.4 (ii) correctional facilities;

92.5 (iii) law enforcement facilities;

92.6 (iv) a courthouse or justice center, if connected to a jail, correctional facility, or other
92.7 law enforcement facility;

92.8 ~~(iv)~~ (v) social services and human services facilities;

92.9 ~~(v)~~ (vi) solid waste facilities; or

92.10 ~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034,
92.11 subdivision 2; or

92.12 (2) a general obligation bond or note issued by a governmental unit to provide funds for
92.13 the construction, improvement, or rehabilitation of:

92.14 (i) wastewater facilities;

92.15 (ii) drinking water facilities;

92.16 (iii) stormwater facilities; or

92.17 (iv) any publicly owned building or infrastructure improvement that has received partial
92.18 funding from grants awarded by the commissioner of employment and economic development
92.19 related to redevelopment, contaminated site cleanup, bioscience, small cities development
92.20 programs, and rural business infrastructure programs, for which bonds are issued by the
92.21 authority under section 446A.087.

92.22 (e) "Governmental unit" means a county or a statutory or home rule charter city.

92.23 Sec. 3. Minnesota Statutes 2024, section 446A.086, subdivision 2, is amended to read:

92.24 Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of
92.25 principal and interest on debt obligations if:

92.26 (1) the obligations are issued for new projects or the refunding at a net present value
92.27 savings of debt service costs of obligations that are currently guaranteed pursuant to this
92.28 section and are not issued for the purposes of refunding previous obligations other than as
92.29 described in this sentence;

92.30 (2) application to the Public Facilities Authority is made before issuance; and

93.1 (3) the obligations are covered by an agreement meeting the requirements of subdivision
93.2 3.

93.3 (b) Applications to be covered by the provisions of this section must be made in a form
93.4 and contain the information prescribed by the authority. Applications are subject to either
93.5 a fee of \$500 for each bond issue requested by a county or governmental unit or the applicable
93.6 fees under section 446A.087.

93.7 (c) Application fees paid under this section must be deposited in a separate credit
93.8 enhancement bond guarantee account in the special revenue fund. Money in the credit
93.9 enhancement bond guarantee account is appropriated to the authority for purposes of
93.10 administering this section.

93.11 (d) Neither the authority nor the commissioner is required to promulgate administrative
93.12 rules under this section and the procedures and requirements established by the authority
93.13 or commissioner under this section are not subject to chapter 14.

93.14 Sec. 4. Minnesota Statutes 2024, section 462C.04, subdivision 2, is amended to read:

93.15 Subd. 2. **Program review.** A public hearing shall be held on each program after one
93.16 publication of notice in a newspaper circulating generally in the city, at least ~~15~~ ten days
93.17 before the hearing. On or before the day on which notice of the public hearing is published,
93.18 the city shall submit the program to the Metropolitan Council, if the city is located in the
93.19 metropolitan area as defined in section 473.121, subdivision 2, or to the regional development
93.20 commission for the area in which the city is located, if any, for review and comment. The
93.21 appropriate reviewing agency shall comment on:

93.22 (a) whether the program furthers local and regional housing policies and is consistent
93.23 with the Metropolitan Development Guide, if the city is located in the metropolitan area,
93.24 or adopted policies of the regional development commission; and

93.25 (b) the compatibility of the program with the housing portion of the comprehensive plan
93.26 of the city, if any.

93.27 Review of the program may be conducted either by the board of the reviewing agency
93.28 or by the staff of the agency. Any comment submitted by the reviewing agency to the city
93.29 must be presented to the body considering the proposed program at the public hearing held
93.30 on the program.

93.31 A member or employee of the reviewing agency shall be permitted to present the
93.32 comments of the reviewing agency at the public hearing. After conducting the public hearing,
93.33 the program may be adopted with or without amendment, provided that any amendments

must not be inconsistent with the comments, if any, of the reviewing agency and must not contain any material changes from the program submitted to the reviewing agency other than changes in the financial aspects of any proposed issue of bonds or obligations. If any material change other than a change in the financial aspects of a proposed issue of bonds or obligations, or any change which is inconsistent with the comments of the reviewing agency is adopted, the amended program shall be resubmitted to the appropriate reviewing agency for review and comment, and a public hearing shall be held on the amended program after one publication of notice in a newspaper circulating generally in the city at least ~~15~~ ten days before the hearing. The amended program shall be considered after the public hearing in the same manner as consideration of the initial program.

Sec. 5. Minnesota Statutes 2024, section 469.104, is amended to read:

469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02, subdivision 8, to obtain an allocation of volume cap.

Sec. 6. Minnesota Statutes 2024, section 469.154, subdivision 4, is amended to read:

Subd. 4. **Hearing.** Prior to submitting an application to the department requesting approval of a project pursuant to subdivision 3, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than ~~14~~ ten days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the department, together with all attachments and exhibits, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. The governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with

95.1 the project and its financing; it may thereafter apply to the department for approval of the
95.2 project.

95.3 Sec. 7. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

95.4 Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an
95.5 allocation for residential rental bonds under this section by submitting to the department an
95.6 application on forms provided by the department accompanied by:

95.7 (1) a preliminary resolution;

95.8 (2) a statement of bond counsel that the proposed issue of obligations requires an
95.9 allocation under this chapter and the Internal Revenue Code;

95.10 (3) an application deposit in the amount of two percent of the requested allocation;

95.11 (4) a sworn statement from the applicant identifying the project as a preservation project,
95.12 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
95.13 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
95.14 and

95.15 (5) a certification from the applicant or its accountant stating that the requested allocation
95.16 does not exceed the aggregate bond limitation.

95.17 The issuer must pay the application deposit to the Department of Management and Budget.
95.18 An entitlement issuer may not apply for an allocation for residential rental project bonds
95.19 under this section unless it has either permanently issued bonds equal to the amount of its
95.20 entitlement allocation for the current year plus any amount carried forward from previous
95.21 years or returned for reallocation all of its unused entitlement allocation. For purposes of
95.22 this subdivision, its entitlement allocation includes an amount obtained under section
95.23 474A.04, subdivision 6.

95.24 (b) An issuer that receives an allocation under this subdivision must permanently issue
95.25 obligations equal to all or a portion of the allocation received on or before the earlier of:
95.26 (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that
95.27 receives an allocation under this subdivision does not permanently issue obligations equal
95.28 to all or a portion of the allocation received within the time period provided in this paragraph
95.29 or returns the allocation to the commissioner, the amount of the allocation is canceled and
95.30 returned for reallocation through the unified pool.

95.31 (c) The Minnesota Housing Finance Agency may apply for and receive an allocation
95.32 under this section without submitting an application deposit.

96.1 Sec. 8. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

96.2 Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply
96.3 for an allocation for all types of qualified bonds other than residential rental bonds under
96.4 this section by submitting to the department an application on forms provided by the
96.5 department accompanied by:

96.6 (1) a preliminary resolution;

96.7 (2) a statement of bond counsel that the proposed issue of obligations requires an
96.8 allocation under this chapter and the Internal Revenue Code;

96.9 (3) the type of qualified bonds to be issued;

96.10 (4) an application deposit in the amount of two percent of the requested allocation; and

96.11 (5) a public purpose scoring worksheet for manufacturing and enterprise zone
96.12 applications.

96.13 The issuer must pay the application deposit to the Department of Management and Budget.
96.14 An entitlement issuer may not apply for an allocation for public facility bonds or mortgage
96.15 bonds under this section unless it has either permanently issued bonds equal to the amount
96.16 of its entitlement allocation for the current year plus any amount carried forward from
96.17 previous years or returned for reallocation all of its unused entitlement allocation. For
96.18 purposes of this subdivision, an entitlement allocation includes an amount obtained under
96.19 section 474A.04, subdivision 6.

96.20 (b) An issuer that receives an allocation under this subdivision must permanently issue
96.21 obligations equal to all or a portion of the allocation received on or before the earlier of:
96.22 (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that
96.23 receives an allocation under this subdivision does not permanently issue obligations equal
96.24 to all or a portion of the allocation received within the time period provided in this paragraph
96.25 or returns the allocation to the commissioner, the amount of the allocation is canceled and
96.26 returned for reallocation through the unified pool.

96.27 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
96.28 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
96.29 under this section prior to the first Monday in October, but may be awarded allocations for
96.30 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
96.31 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
96.32 Rural Finance Authority may apply for and receive an allocation under this section without
96.33 submitting an application deposit.

97.1 Sec. 9. Minnesota Statutes 2024, section 475.521, subdivision 2, is amended to read:

97.2 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance capital
97.3 improvements under an approved capital improvements plan are not subject to the election
97.4 requirements of section 475.58. The bonds must be approved by an affirmative vote of
97.5 three-fifths of the members of a five-member governing body. In the case of a governing
97.6 body having more or less than five members, the bonds must be approved by a vote of at
97.7 least two-thirds of the members of the governing body.

97.8 (b) Before the issuance of bonds qualifying under this section, the municipality must
97.9 publish a notice of its intention to issue the bonds and the date and time of the hearing to
97.10 obtain public comment on the matter. The notice must be published in the official newspaper
97.11 of the municipality or in a newspaper of general circulation in the municipality. Additionally,
97.12 the notice may be posted on the official website, if any, of the municipality. The notice must
97.13 be published at least ~~14~~ ten but not more than 28 days before the date of the hearing.

97.14 (c) A municipality may issue the bonds only after obtaining the approval of a majority
97.15 of the voters voting on the question of issuing the obligations, if a petition requesting a vote
97.16 on the issuance is signed by voters equal to five percent of the votes cast in the municipality
97.17 in the last municipal general election and is filed with the clerk within 30 days after the
97.18 public hearing. If the municipality elects not to submit the question to the voters, the
97.19 municipality shall not propose the issuance of bonds under this section for the same purpose
97.20 and in the same amount for a period of 365 days from the date of receipt of the petition. If
97.21 the question of issuing the bonds is submitted and not approved by the voters, the provisions
97.22 of section 475.58, subdivision 1a, shall apply.

97.23 Sec. 10. Minnesota Statutes 2024, section 641.23, is amended to read:

97.24 **641.23 FUNDS; HOW PROVIDED.**

97.25 Before any contract is made for the erection of a county jail, sheriff's residence, ~~or both~~
97.26 sheriff's offices, law enforcement center, or courthouse or justice center attached to a county
97.27 jail, the county board shall either levy a sufficient tax to provide the necessary funds, or
97.28 issue county bonds therefor in accordance with the provisions of chapter 475, provided that
97.29 no election is required if the amount of all bonds issued for this purpose and interest on
97.30 them which are due and payable in any year does not exceed an amount equal to 0.09671
97.31 percent of estimated market value of taxable property within the county, as last determined
97.32 before the bonds are issued.

ARTICLE 7

MISCELLANEOUS TAX PROVISIONS

Section 1. Minnesota Statutes 2024, section 3.192, is amended to read:

3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.

(a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues a tax expenditure ~~must include a statement of intent~~, the chairs of the house of representatives and senate committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review Commission a statement of objective that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.

(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6, and "Tax Expenditure Review Commission" means the commission established under section 3.8855.

(c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect.

EFFECTIVE DATE. This section is effective the day following final enactment for tax expenditures authorized in this act.

Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section:

(1) "commissioner" means the commissioner of revenue; and

(2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

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

Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

Subd. 3. **Membership.** (a) The commission consists of:

(1) two senators appointed by the senate majority leader;

(2) two senators appointed by the senate minority leader;

(3) two representatives appointed by the speaker of the house;

99.1 (4) two representatives appointed by the minority leader of the house of representatives;
99.2 and

99.3 (5) the commissioner ~~of revenue~~ or the commissioner's designee.

99.4 (b) Each appointing authority must make appointments by January 31 of the regular
99.5 legislative session in the odd-numbered year.

99.6 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is
99.7 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

99.8 (d) The commissioner may designate another individual to represent the commissioner
99.9 or the commissioner's designee at any meeting of the commission.

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

99.11 Sec. 4. Minnesota Statutes 2024, section 3.8855, subdivision 4, is amended to read:

99.12 Subd. 4. **Duties.** (a) For not more than three years after the commission is established,
99.13 the commission must complete an initial review of the state's tax expenditures. The initial
99.14 review must identify the ~~purpose~~ objective of each of the state's tax expenditures; if none
99.15 was ~~identified in the enacting legislation~~ submitted to the commission in accordance with
99.16 section 3.192. The commission may also identify metrics for evaluating the effectiveness
99.17 of an expenditure.

99.18 (b) The commission must review and evaluate Minnesota's tax expenditures on a regular,
99.19 rotating basis. The commission must establish a review schedule that ensures each tax
99.20 expenditure will be reviewed by the commission at least once every ten years. The
99.21 commission may review expenditures affecting similar constituencies or policy areas in the
99.22 same year, but the commission must review a subset of the tax expenditures within each
99.23 tax type each year. To the extent possible, the commission must review a similar number
99.24 of tax expenditures within each tax type each year. The commission may decide not to
99.25 review a tax expenditure that is adopted by reference to federal law.

99.26 (c) Before ~~December~~ February 1 of the year a tax expenditure is included in a commission
99.27 report, the commission must hold a public hearing on the expenditure, including but not
99.28 limited to a presentation of the review components in subdivision 5.

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

100.1 Sec. 5. Minnesota Statutes 2024, section 3.8855, subdivision 5, is amended to read:

100.2 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission
100.3 must at a minimum:

100.4 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

100.5 (2) identify the purpose objective of the tax expenditure if none was ~~identified in the~~
100.6 ~~enacting legislation~~ submitted to the commission in accordance with section 3.192;

100.7 (3) estimate the measurable impacts and efficiency of the tax expenditure in
100.8 accomplishing the purpose objective of the expenditure;

100.9 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the
100.10 same purpose objective;

100.11 (5) identify potential modifications to the tax expenditure to increase its efficiency or
100.12 effectiveness;

100.13 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if
100.14 the revenue lost due to the tax expenditure were applied to a rate reduction;

100.15 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the
100.16 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

100.17 (8) consider the cumulative fiscal impacts of other state and federal taxes providing
100.18 benefits to taxpayers for similar activities; and

100.19 (9) recommend whether the expenditure be continued, repealed, or modified.

100.20 (b) The commission may omit a component in paragraph (a) if the commission determines
100.21 it is not feasible due to the lack of available data, third-party research, staff resources, or
100.22 lack of a majority support for a recommendation.

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

100.24 Sec. 6. Minnesota Statutes 2024, section 3.8855, subdivision 7, is amended to read:

100.25 Subd. 7. **Report to legislature.** (a) By ~~December~~ February 15 of each year, the
100.26 commission must submit a written report to the legislative committees with jurisdiction
100.27 over tax policy. The report must detail the results of the commission's review of tax
100.28 expenditures for the year, including the review components detailed in subdivision 5.

100.29 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
100.30 4, the report may be limited to the purpose objective statements and metrics for evaluating

101.1 the effectiveness of expenditures, as identified by the commission. The report may also
101.2 include relevant publicly available data on an expenditure.

101.3 (c) The report may include any additional information the commission deems relevant
101.4 to the review of an expenditure.

101.5 (d) The legislative committees with jurisdiction over tax policy must hold a public
101.6 hearing on the report during the regular legislative session in the year following the year in
101.7 which the report was submitted.

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

101.9 Sec. 7. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

101.10 Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term
101.11 beginning upon appointment and ending at the beginning of the regular legislative session
101.12 in the next odd-numbered year. The appropriate appointing authority must fill a vacancy
101.13 for a seat of a current legislator for the remainder of the unexpired term. Members may be
101.14 removed or replaced at the pleasure of the appointing authority.

101.15 (b) If a commission member ceases to be a member of the legislative body from which
101.16 the member was appointed, the member vacates membership on the commission.

101.17 (c) The commissioner of revenue must convene the first meeting of each year required
101.18 under subdivision 4, paragraph (c).

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

101.20 Sec. 8. Minnesota Statutes 2024, section 37.31, subdivision 1, is amended to read:

101.21 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal
101.22 amount that the society determines necessary to provide sufficient money for achieving its
101.23 purposes, including the payment of interest on bonds of the society, the establishment of
101.24 reserves to secure its bonds, the payment of fees to a third party providing credit
101.25 enhancement, and the payment of all other expenditures of the society incident to and
101.26 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society
101.27 may be issued as bonds or notes or in any other form authorized by law. The principal
101.28 amount of bonds issued and outstanding under this section at any time may not exceed
101.29 ~~\$30,000,000~~ \$50,000,000, excluding bonds for which refunding bonds or crossover refunding
101.30 bonds have been issued.

101.31 **EFFECTIVE DATE.** This section is effective July 1, 2025.

102.1 Sec. 9. Minnesota Statutes 2024, section 270C.11, subdivision 4, is amended to read:

102.2 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

102.3 (1) the amount of tax revenue forgone;

102.4 (2) a citation of the statutory or other legal authority for the expenditure;

102.5 (3) the year in which it was enacted or the tax year in which it became effective;

102.6 (4) the ~~purpose~~ objective of the expenditure, as ~~identified in the enacting legislation~~

102.7 submitted to the commission in accordance with section 3.192 or identified by the Tax

102.8 Expenditure Review Commission;

102.9 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;

102.10 and

102.11 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the

102.12 expenditure were repealed.

102.13 (b) The report may contain additional information which the commissioner considers

102.14 relevant to the legislature's consideration and review of individual tax expenditure items.

102.15 This may include but is not limited to analysis of whether the expenditure is achieving that

102.16 objective and the effect of the expenditure on the administration of the tax system.

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

102.18 Sec. 10. Minnesota Statutes 2024, section 289A.60, subdivision 12, is amended to read:

102.19 Subd. 12. **Penalties relating to property tax refunds and certificates of rent paid.** (a)

102.20 If it is determined that a property tax refund claim is excessive and was negligently prepared,

102.21 a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has

102.22 been paid, the amount disallowed must be recovered by assessment and collection.

102.23 (b) An owner who ~~without reasonable cause~~ fails to give a certificate of rent paid to a

102.24 renter, as required by sections 290.0693, subdivision 4, paragraph (a), and 290A.19,

102.25 paragraph (a), is liable to the commissioner for a penalty of \$100 \$50 for each failure. The

102.26 commissioner may abate the penalty using the abatement authority in section 270C.34.

102.27 (c) An owner who fails to file a certificate of rent paid with the commissioner, as required

102.28 by sections 290.0693, subdivision 4, paragraph (b), and 290A.19, paragraph (b), is liable

102.29 to the commissioner for a penalty of \$50 for each failure. The commissioner may abate the

102.30 penalty using the abatement authority in section 270C.34.

(e) (d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 11. Minnesota Statutes 2024, section 290.0693, subdivision 4, is amended to read:

Subd. 4. Owner or managing agent to furnish rent certificate. (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of four years. The duplicate or other record must be made available to the commissioner upon request.

(b) ~~The commissioner may require the owner or managing agent, through a simple process, to~~ must furnish to the commissioner on or before January 31 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Before implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) An owner who fails to furnish the certificate of rent paid to the renter or to the commissioner, as required under this section, is subject to the penalty imposed under section 289A.60, subdivision 12.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 12. Minnesota Statutes 2024, section 290A.19, is amended to read:

290A.19 PARK OWNER TO FURNISH RENT CERTIFICATE.

(a) The park owner of a property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the park owner may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The park owner must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) ~~The commissioner may require the park owner, through a simple process, to~~ must furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the park owner who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of park owners, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of park owners.

(c) For the purposes of this section, "park owner" means a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

(d) An owner who fails to furnish the certificate of rent paid to the renter or to the commissioner, as required under this section, is subject to the penalty imposed under section 289A.60, subdivision 12.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

105.1 Sec. 13. Minnesota Statutes 2024, section 290C.07, is amended to read:

105.2 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

105.3 (a) An approved claimant under the sustainable forest incentive program is eligible to
105.4 receive an annual payment for each acre of enrolled land, excluding any acre improved with
105.5 a paved trail under easement, lease, or terminable license to the state of Minnesota or a
105.6 political subdivision. The payment shall equal a percentage of the property tax that would
105.7 be paid on the land determined by using the previous year's statewide average total tax rate
105.8 for all taxes levied within townships and unorganized territories, the estimated market value
105.9 per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for
105.10 claimants enrolling land that is subject to a conservation easement funded under section
105.11 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit
105.12 entity before May 31, 2013, 25 percent; (2) for claimants enrolling land that is not subject
105.13 to a conservation easement under an eight-year covenant, 65 percent; (3) for claimants
105.14 enrolling land that is not subject to a conservation easement under a 20-year covenant, 90
105.15 percent; and (4) for claimants enrolling land that is not subject to a conservation easement
105.16 under a 50-year covenant, 115 percent.

105.17 (b) The calculated payment must not increase or decrease by more than ten percent
105.18 relative to the payment received for the previous year. In no case may the payment be less
105.19 than the amount paid to the claimant for the land enrolled in the program in 2017. If an
105.20 eligible claimant elects to change the length of the covenant on enrolled land on or before
105.21 May 15, 2019, the limits under this paragraph do not apply and the claimant must receive
105.22 payment in the amount corresponding to the new covenant length as calculated under
105.23 paragraph (a).

105.24 (c) In addition to the payments provided under this section, a claimant enrolling more
105.25 than 1,920 acres shall be allowed an additional payment per acre equal to the amount
105.26 prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access
105.27 is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land
105.28 subject to a conservation easement funded under section 97A.056, or a permanent easement
105.29 conveyed to a governmental or nonprofit entity that is required to allow for public access
105.30 under section 290C.03, paragraph (a), clause (6).

105.31 (d) Notwithstanding paragraphs (a) to (c), for fiscal years 2026 through 2029 only,
105.32 payments calculated under this section, inclusive of an additional amount under paragraph
105.33 (c), must not exceed 100 percent of the property tax that would be paid on the land, as
105.34 determined under paragraph (a). This paragraph expires after fiscal year 2029.

(e) If the total amount of payments under paragraph (d) exceeds the threshold amount under this paragraph in any fiscal year, each recipient's payment amount must be proportionally reduced so that the total amount of payments in that fiscal year equals the threshold amount for that fiscal year. If the total amount of payments under paragraph (d) is less than the threshold amount under this paragraph in any fiscal year, each recipient's payment amount must be proportionally increased so that the total amount of payments in that fiscal year equals the threshold amount for that fiscal year. The threshold amounts are \$8,340,000 for fiscal year 2026, \$9,180,000 for fiscal year 2027, \$15,370,000 for fiscal year 2028, and \$16,290,000 for fiscal year 2029. This paragraph expires after fiscal year 2029.

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

Sec. 14. Minnesota Statutes 2024, section 295.53, subdivision 4a, is amended to read:

Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider may claim an annual credit against the total amount of tax, if any, the hospital or health care provider owes for that calendar year under sections 295.50 to 295.57. The credit shall equal ~~2.5~~ 0.5 percent of revenues for patient services used to fund expenditures for qualifying research conducted by an allowable research program. The amount of the credit shall not exceed the tax liability of the hospital or health care provider under sections 295.50 to 295.57.

(b) For purposes of this subdivision, the following requirements apply:

(1) expenditures must be for program costs of qualifying research conducted by an allowable research program;

(2) an allowable research program must be a formal program of medical and health care research conducted by an entity which is exempt under section 501(c)(3) of the Internal Revenue Code as defined in section 289A.02, subdivision 7, or is owned and operated under authority of a governmental unit;

(3) qualifying research must:

(A) be approved in writing by the governing body of the hospital or health care provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

~~(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds \$2,500,000, the commissioner of management and budget shall determine the rate of the research credit for the following calendar year to the nearest one-half percent so that refunds paid under this section will most closely equal \$2,500,000. The commissioner of management and budget shall publish in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.~~

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

Sec. 15. Minnesota Statutes 2024, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** (a) A pharmacy may claim ~~an annual~~ a quarterly refund against the total amount of tax, if any, the pharmacy owes during that calendar year under ~~section 295.52, subdivision 4. The refund shall equal to~~ the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. ~~If the amount of the refund exceeds the tax~~

108.1 ~~liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide~~
108.2 ~~the pharmacy with a refund equal to the excess amount.~~

108.3 (b) Each qualifying pharmacy must apply for the refund on the annual quarterly return
108.4 as prescribed by the commissioner, on or before March 15 of the year following the calendar
108.5 year the legend drugs were delivered outside Minnesota. as required under the following
108.6 schedule:

108.7 (1) for legend drugs delivered by the pharmacy outside of Minnesota between January
108.8 1 and March 31, a pharmacy may file its refund request on or after July 1 of the calendar
108.9 year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

108.10 (2) for legend drugs delivered by the pharmacy outside of Minnesota between April 1
108.11 and June 30, a pharmacy may file its refund request on or after July 1 of the calendar year
108.12 in which the legend drugs are delivered by the pharmacy outside of Minnesota;

108.13 (3) for legend drugs delivered by the pharmacy outside of Minnesota between July 1
108.14 and September 30, a pharmacy may file its refund request on or after October 1 of the
108.15 calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;
108.16 and

108.17 (4) for legend drugs delivered by the pharmacy outside of Minnesota between October
108.18 1 and December 31, a pharmacy may file its refund request on or after January 1 of the
108.19 calendar year immediately following the calendar year in which the legend drugs are
108.20 delivered by the pharmacy outside of Minnesota.

108.21 ~~The refund shall not be~~ (c) No refund is allowed if the initial claim for refund is filed
108.22 more than one year after the original due date of the return end of the quarter in which the
108.23 legend drugs were delivered by the pharmacy outside of Minnesota. Interest on refunds paid
108.24 under this subdivision will begin begins to accrue 60 days after the date a claim for refund
108.25 is filed. For purposes of this subdivision, the date a claim is filed is the due date of the return
108.26 if a return is due or the date of the actual claim for refund, whichever is later.

108.27 **EFFECTIVE DATE.** This section is effective for legend drugs delivered outside of
108.28 Minnesota after December 31, 2025.

108.29 Sec. 16. Minnesota Statutes 2024, section 295.81, subdivision 10, is amended to read:

108.30 Subd. 10. **Deposit of revenues; account established.** ~~(a)~~ The commissioner must deposit
108.31 the revenues, including penalties and interest, derived from the tax imposed by this section
108.32 as follows:

109.1 ~~(1) 80 percent to in the general fund; and,~~

109.2 ~~(2) 20 percent to the local government cannabis aid account in the special revenue fund.~~

109.3 ~~(b) The local government cannabis aid account is established in the special revenue fund.~~

109.4 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective July 1, 2025. The

109.5 amendment to paragraph (b) is effective January 2, 2026.

109.6 Sec. 17. Minnesota Statutes 2024, section 297H.01, subdivision 8, is amended to read:

109.7 Subd. 8. **Residential generator.** "Residential generator" means any of the following:

109.8 (1) a detached single family residence that generates mixed municipal solid waste or
109.9 nonmixed municipal solid waste;

109.10 (2) a person residing in a building or site containing multiple residences that generates
109.11 mixed municipal solid waste, including apartment buildings, common interest communities,
109.12 or manufactured home parks, where each residence is separately billed by the waste service
109.13 provider;

109.14 (3) an owner of a building or site containing multiple residences or an association
109.15 representing residences that generate mixed municipal solid waste or nonmixed municipal
109.16 solid waste, including apartment buildings, condominiums, manufactured home parks, or
109.17 townhomes where no residence is separately billed for such service by the waste management
109.18 service provider and the owner or association is billed directly for the waste management
109.19 services. A residential generator does not include a self-hauler; or

109.20 (4) an organization exempt under section 501(c)(3) of the Internal Revenue Code that
109.21 receives donations for resale from an entity listed in clauses (1) to (3).

109.22 **EFFECTIVE DATE.** This section is effective July 1, 2025.

109.23 Sec. 18. Minnesota Statutes 2024, section 297H.13, subdivision 2, is amended to read:

109.24 Subd. 2. **Allocation of revenues.** (a) Of the amounts remitted under this chapter, 70
109.25 percent must be credited to the environmental fund established in section 16A.531,
109.26 subdivision 1.

109.27 (b) In addition to the amounts credited to the environmental fund in paragraph (a), in
109.28 fiscal year 2024 and later, three percent of the amounts remitted under this chapter shall be
109.29 deposited into the resource management account in the environmental fund. For fiscal year
109.30 2028 only, an additional \$1,493,000 must be deposited in the resource management account

110.1 in the environmental fund. For fiscal year 2026 only, an additional \$354,000 must be
110.2 deposited in the resource management account in the environmental fund.

110.3 (c) The remainder must be deposited into the general fund.

110.4 (d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the
110.5 resource management account in the environmental fund under paragraph (b) is appropriated
110.6 to the commissioner of the Pollution Control Agency for distribution to counties under
110.7 section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

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

110.9 Sec. 19. **[428A.30] DEFINITIONS; EXPIRATION.**

110.10 Subdivision 1. **Scope.** For purposes of sections 428A.30 to 428A.34, the terms defined
110.11 in this section have the meanings given them, unless the context indicates otherwise.

110.12 Subd. 2. **City.** "City" means the city of Minneapolis and the city of St. Paul.

110.13 Subd. 3. **District.** "District" means a land-value taxation district established under section
110.14 428A.31.

110.15 Subd. 4. **Ordinance.** "Ordinance" means the ordinance establishing a land-value taxation
110.16 district under section 428A.31.

110.17 Subd. 5. **Expiration.** A district established by a city under sections 428A.30 to 428A.34
110.18 expires after the district has been in effect for ten taxes payable years, or on December 31,
110.19 2037, whichever is earlier.

110.20 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
110.21 in 2026.

110.22 Sec. 20. **[428A.31] ESTABLISHMENT OF LAND-VALUE TAXATION DISTRICT.**

110.23 Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance
110.24 establishing a land-value taxation district. Prior to adopting the ordinance, a city must consult
110.25 with the county auditor and develop a plan for administering taxation within the district.
110.26 The ordinance must describe:

110.27 (1) the parcels of property constituting the district, either by specific identification of
110.28 each parcel, or by defining a geographic area or areas within the city, and then within that
110.29 area or those areas, identifying the specific types of property, as defined under section
110.30 273.13, to be included in the district; and

111.1 (2) the procedure for reallocating the collective property tax of all parcels within the
111.2 district.

111.3 (b) In addition, the ordinance must provide an evaluation of the economic effects of the
111.4 district, including the impact on redevelopment of and investment in the district, within a
111.5 specified period of time, but not less than 15 years after the date the district becomes
111.6 effective.

111.7 Subd. 2. **Hearing; notice.** Before adopting an ordinance, the governing body of the city
111.8 must hold a public hearing on the question. Notice of the hearing must include the time and
111.9 place of the hearing, a description of the parcels to be included in the district, a description
111.10 of the procedure for reallocating the tax burden among the parcels, and the duration of the
111.11 district. Each person owning property in the proposed district must be given the opportunity
111.12 to be heard at the hearing. The governing body must publish notice of the hearing on the
111.13 city's website and in at least two issues of the official newspaper of the city. The two
111.14 publications must be two weeks apart and the hearing must be held at least three days after
111.15 the last publication. Not less than ten days before the hearing, the governing body must mail
111.16 notice to the owner of each parcel proposed to be included in the district. For the purpose
111.17 of the mailed notice, owners are those shown on the records of the county auditor. Other
111.18 records may be used to supply the necessary information. At the public hearing, a person
111.19 affected by the proposed district may testify on any issues relevant to the proposed district.
111.20 The governing body may adjourn the hearing from time to time and may adopt the ordinance
111.21 establishing the district at any time within six months after the date of the conclusion of the
111.22 hearing by a vote of the majority of the governing body of the city. Within 30 days after
111.23 adoption of the ordinance, the governing body shall send a copy of the ordinance to the
111.24 commissioner of revenue.

111.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
111.26 in 2026.

111.27 Sec. 21. **[428A.32] RESTRICTIONS ON TAX REALLOCATION PROCEDURE.**

111.28 A tax reallocation procedure under section 428A.31, subdivision 1, paragraph (a), clause
111.29 (2), must distribute taxes on taxable properties in the district by applying uniform rates to
111.30 one or more of the following tax bases:

111.31 (1) the net tax capacity, as defined under section 273.13, subdivision 21b;

111.32 (2) the referendum market value, as defined under section 126C.01, subdivision 3;

112.1 (3) a tax base consisting of each property's estimated market value excluding the market
112.2 value attributable to improvements; or

112.3 (4) a tax base consisting of each property's estimated market value excluding the market
112.4 value attributable to improvements made after a date specified in the ordinance.

112.5 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
112.6 in 2026.

112.7 Sec. 22. **[428A.33] TAXATION WITHIN DISTRICT.**

112.8 Subdivision 1. **Initial taxation within district.** For each property taxes payable year, a
112.9 city must compile the total property taxes imposed upon all properties within the district
112.10 for each taxing jurisdiction after final property tax statements are issued under section
112.11 276.04. For the purposes of this section, the areawide taxes under chapters 276A and 473F,
112.12 and the state general levy under section 275.025, are considered to be taxing jurisdictions.

112.13 Subd. 2. **Final taxation within district.** A city must allocate the tax, as determined
112.14 under subdivision 1, among all properties in the district according to the terms of the
112.15 ordinance so the entire amount of tax payable to each taxing jurisdiction under subdivision
112.16 1 is allocated among the properties constituting the district. The city must report the revised
112.17 property tax amounts for each parcel of property to the county treasurer by April 30 of the
112.18 year the tax is payable. The city must mail revised property tax statements to all properties
112.19 within the district by April 30 of the year the tax is payable. Taxpayers must make payments
112.20 according to the dates specified in section 279.01 as if the property tax statements were
112.21 mailed 21 days prior to May 15 of the year the taxes are payable.

112.22 Subd. 3. **Report to commissioner of revenue.** By September 1 of each year, the county
112.23 treasurer must report the initial and final distribution of the net tax for each parcel of property
112.24 in the district to the commissioner of revenue on a form prescribed by the commissioner of
112.25 revenue.

112.26 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
112.27 in 2026.

112.28 Sec. 23. **[428A.34] APPEAL OF LAND VALUE.**

112.29 The owner of any property included in a land-value taxation district under section
112.30 428A.31 may appeal the valuation attributable to land separately from the valuation
112.31 attributable to improvements upon the land under sections 274.01 and 274.13 or chapter
112.32 271.

113.1 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
113.2 in 2026.

113.3 Sec. 24. Minnesota Statutes 2024, section 609.902, subdivision 4, is amended to read:

113.4 Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or
113.5 attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09~~;
113.6 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222;
113.7 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343;
113.8 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52,
113.9 subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is
113.10 a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a),
113.11 clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528,
113.12 if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582,
113.13 subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86;
113.14 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the
113.15 offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act"
113.16 also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation
113.17 of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an
113.18 insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service
113.19 plan corporation regulated under chapter 62C, a health maintenance organization regulated
113.20 under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

113.21 **EFFECTIVE DATE.** This section is effective August 1, 2025.

113.22 Sec. 25. **APPROPRIATION; EXTENSION OF AVAILABILITY.**

113.23 Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in Laws 2023,
113.24 chapter 64, article 15, section 30, is available until June 30, 2027.

113.25 Sec. 26. **CANCELLATION OF AMOUNTS IN LOCAL GOVERNMENT CANNABIS**
113.26 **AID ACCOUNT.**

113.27 On January 2, 2026, any balance within the local government cannabis aid account in
113.28 the special revenue fund is canceled to the general fund.

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

114.1 Sec. 27. **TAXPAYER ASSISTANCE GRANTS AND TAX CREDIT OUTREACH**
114.2 **GRANTS.**

114.3 (a) The fiscal year 2029 base for taxpayer assistance grants under Minnesota Statutes,
114.4 section 270C.21, subdivision 3, is increased by \$1,200,000. This increase is in addition to
114.5 any other base established in law.

114.6 (b) The fiscal year 2029 base for tax credit outreach grants under Minnesota Statutes,
114.7 section 270C.21, subdivision 4, is increased by \$1,200,000. This increase is in addition to
114.8 any other base established in law.

114.9 Sec. 28. **APPROPRIATION; BROWERVILLE PUBLIC SCHOOLS.**

114.10 \$520,000 in fiscal year 2026 is appropriated from the general fund to the commissioner
114.11 of revenue for a grant to Independent School District No. 787, Browerville, to remediate
114.12 the effects of a school building roof collapse that occurred in 2023. The grant recipient must
114.13 use the money appropriated under this section for materials and supplies used in and
114.14 equipment incorporated into renovations to the prekindergarten through grade 12 school
114.15 building, and construction of a new gymnasium, classrooms, locker rooms, a wrestling and
114.16 weight room, offices, and a stage. The grant must be paid by July 15, 2025. This is a onetime
114.17 appropriation. The grant under this section is not subject to retention of administrative costs
114.18 under Minnesota Statutes, section 16B.98, subdivision 14.

114.19 **EFFECTIVE DATE.** This section is effective July 1, 2025.

114.20 Sec. 29. **CITY OF MINNEAPOLIS; EMERALD ASH BORER FINANCIAL**
114.21 **ASSISTANCE; APPROPRIATION.**

114.22 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
114.23 the meanings given:

114.24 (1) "eligible costs" means costs incurred in 2020 or later for treating or removing a tree
114.25 on owner-occupied residential property that has been required by state law or by municipal
114.26 ordinance to be treated or removed due to infestation or possible infestation by the emerald
114.27 ash borer, including but not limited to costs incurred by the city and assessed to a property
114.28 owner;

114.29 (2) "eligible homeowner" means a homeowner who experienced eligible costs related
114.30 to a tree on the homeowner's property in an eligible region and whose income is below 200
114.31 percent of the official federal poverty guideline; and

(3) "eligible region" means a census tract in Minneapolis that is an environmental justice area, as defined in Minnesota Statutes, section 115A.03, subdivision 10b.

Subd. 2. **Eligible uses; prioritization.** (a) The city of Minneapolis must use the full amount of the aid under this section to pay eligible homeowners for their eligible costs.

(b) After receiving an application for a payment from an eligible homeowner, the city must use funds received under this section to directly reduce the remaining balance of an eligible homeowner's special assessment related to eligible costs. If the original balance of the special assessment is greater than the remaining balance, the city must reimburse the eligible homeowner for the difference.

(c) If the amount of funds available is insufficient to reimburse all eligible homeowners for the full amount of their eligible costs, the city must prioritize reimbursing a subset of eligible homeowners for the full amount of their eligible costs.

(d) After December 31, 2026, the city may use any remaining funds to reimburse other eligible homeowners who incurred eligible costs but did not have a special assessment applied to their properties.

(e) Notwithstanding paragraph (a), after June 30, 2027, the city may use any remaining funds to offset the eligible costs of resident homeowners whose properties are not in an eligible region but who otherwise meet the definition of an eligible homeowner.

(f) The city must administer the funding under this section within existing city resources and not with money appropriated in this section.

Subd. 3. **Outreach.** The city of Minneapolis must promote the availability of financial assistance under this section in eligible regions. As part of its outreach efforts, the city department administering the program under this section must consult with Hope Community, Metro Blooms, Harrison Neighborhood Association, the Center for Urban and Regional Affairs at the University of Minnesota, and the public health department of the city.

Subd. 4. **Reporting.** On July 1, 2026, and July 1, 2027, the city must report to the commissioner of revenue on its use of money under this section. By income level and neighborhood, the report must detail the number of eligible homeowners reimbursed and the amount of money distributed.

Subd. 5. **Appropriation.** \$400,000 in fiscal year 2026 is appropriated from the general fund to the commissioner of revenue for an aid to the city of Minneapolis. This is a onetime appropriation. The aid must be paid on July 1, 2025. The aid under this section is not subject

116.1 to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision
116.2 14.

116.3 Sec. 30. **REPEALER.**

116.4 (a) Minnesota Statutes 2024, sections 13.4967, subdivision 5; 297D.01; 297D.02;
116.5 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivisions
116.6 1, 1a, and 2; 297D.10; 297D.11; 297D.12; and 297D.13, are repealed.

116.7 (b) Minnesota Statutes 2024, section 477A.32, is repealed.

116.8 **EFFECTIVE DATE.** Paragraph (a) is effective August 1, 2025. Paragraph (b) is effective
116.9 for aids payable in 2026 and thereafter.

116.10 **ARTICLE 8**

116.11 **DEPARTMENT OF REVENUE: INDIVIDUAL INCOME AND CORPORATE** 116.12 **FRANCHISE TAXES**

116.13 Section 1. Minnesota Statutes 2024, section 116U.27, subdivision 2, is amended to read:

116.14 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
116.15 production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in
116.16 subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued
116.17 a credit certificate under subdivision 4.

116.18 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
116.19 after December 31, 2022.

116.20 Sec. 2. Minnesota Statutes 2024, section 290.01, subdivision 19, is amended to read:

116.21 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a
116.22 corporation taxable under section 290.02, the term "net income" means the federal taxable
116.23 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
116.24 the date named in this subdivision, incorporating the federal effective dates of changes to
116.25 the Internal Revenue Code and any elections made by the taxpayer in accordance with the
116.26 Internal Revenue Code in determining federal taxable income for federal income tax
116.27 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

116.28 (b) For an individual, the term "net income" means federal adjusted gross income with
116.29 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

116.30 (c) In the case of a regulated investment company or a fund thereof, as defined in section
116.31 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment

117.1 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
117.2 except that:

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

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

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

117.12 (d) The net income of a real estate investment trust as defined and limited by section
117.13 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
117.14 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

117.15 (e) The net income of a designated settlement fund as defined in section 468B(d) of the
117.16 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
117.17 Revenue Code.

117.18 (f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for
117.19 taxable years beginning after December 31, 1996.

117.20 (g) Except as otherwise provided, references to the Internal Revenue Code in this
117.21 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of
117.22 determining net income for the applicable year.

117.23 (h) In the case of a partnership electing to file a composite return under section 289A.08,
117.24 subdivision 7, "net income" means the partner's share of federal adjusted gross income from
117.25 the partnership modified by the additions provided in section 290.0131, subdivisions 8 to
117.26 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27,
117.27 ~~and 28, and 31~~, to the extent the amount is assignable or allocable to Minnesota under section
117.28 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section
117.29 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent
117.30 the electing partner would have been allowed the subtraction.

117.31 (i) In the case of a qualifying entity electing to pay the pass-through entity tax under
117.32 section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal
117.33 adjusted gross income from the qualifying entity modified by the additions provided in

118.1 section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1)
118.2 section 290.0132, subdivisions 3, 9, 27, ~~and 28, and 31,~~ to the extent the amount is assignable
118.3 or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14.
118.4 The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the
118.5 pass-through entity tax computation to the extent the qualifying owners would have been
118.6 allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner~~
118.7 ~~is allocated and assigned to this state as provided for nonresident partners and shareholders~~
118.8 ~~under sections 290.17, 290.191, and 290.20.~~

118.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
118.10 after December 31, 2022.

118.11 Sec. 3. Minnesota Statutes 2024, section 290.0132, subdivision 26, is amended to read:

118.12 Subd. 26. **Social Security benefits.** (a) A taxpayer is allowed a subtraction equal to the
118.13 greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction
118.14 determined under paragraph (e).

118.15 (b) A taxpayer's simplified subtraction equals the amount of taxable social security
118.16 benefits, as reduced under paragraphs (c) and (d).

118.17 (c) For a taxpayer other than a married taxpayer filing a separate return with adjusted
118.18 gross income above the phaseout threshold, the simplified subtraction is reduced by ten
118.19 percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the
118.20 phaseout threshold. The phaseout threshold equals:

118.21 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

118.22 (2) \$78,000 for a single or head of household taxpayer; and

118.23 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer
118.24 filing a joint return.

118.25 (d) For a married taxpayer filing a separate return, the simplified subtraction is reduced
118.26 by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of
118.27 the phaseout threshold.

118.28 (e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits
118.29 or a maximum subtraction subject to the limits under paragraphs (f), (g), and (h).

118.30 (f) For married taxpayers filing a joint return and surviving spouses, the maximum
118.31 subtraction under paragraph ~~(e)~~ (e) equals \$5,840. The maximum subtraction is reduced by
118.32 20 percent of provisional income over \$88,630. In no case is the subtraction less than zero.

(g) For single or head-of-household taxpayers, the maximum subtraction under paragraph ~~(e)~~ (e) equals \$4,560. The maximum subtraction is reduced by 20 percent of provisional income over \$69,250. In no case is the subtraction less than zero.

(h) For married taxpayers filing separate returns, the maximum subtraction under paragraph ~~(e)~~ (e) equals one-half the maximum subtraction for joint returns under paragraph (f). The maximum subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph (d). In no case is the subtraction less than zero.

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

(j) The commissioner shall adjust the phaseout threshold amounts in ~~paragraphs~~ paragraph (c) ~~and (d)~~, clauses (1) and (2), as provided in section 270C.22. The statutory year is taxable year 2023. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 4. Minnesota Statutes 2024, section 290.0132, subdivision 34, is amended to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

(1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

(2) \$12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) \$78,000 for a single or head of household taxpayer; or

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

120.1 (c) For the purposes of this section, "qualified public pension income" means any amount
120.2 received:

120.3 (1) by a former basic member or the survivor of a former basic member, as an annuity
120.4 or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A,
120.5 provided that the annuity or benefit is based on service for which the member or survivor
120.6 ~~is not also receiving~~ did not earn Social Security benefits;

120.7 (2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State
120.8 Patrol retirement plan under chapter 352B, or the public employees police and fire plan
120.9 under sections 353.63 to 353.666, provided that the annuity or benefit is based on service
120.10 for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

120.11 (3) from any retirement system administered by the federal government that is based on
120.12 service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn
120.13 Social Security benefits; or

120.14 (4) from a public retirement system of or created by another state or any of its political
120.15 subdivisions, or the District of Columbia, if the income tax laws of the other state or district
120.16 permit a similar deduction or exemption or a reciprocal deduction or exemption of a
120.17 retirement or pension benefit received from a public retirement system of or created by this
120.18 state or any political subdivision of this state.

120.19 (d) The commissioner must annually adjust the subtraction limits in paragraph (a) and
120.20 the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year
120.21 is taxable year 2023.

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

120.23 Sec. 5. Minnesota Statutes 2024, section 290.0134, subdivision 20, is amended to read:

120.24 Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required
120.25 under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition,
120.26 less the sum of all amounts subtracted under this paragraph in all prior taxable years, that
120.27 does not exceed the limitation on business interest in section 163(j) of the Internal Revenue
120.28 Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in
120.29 section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed
120.30 business interest carryforward, the entire amount of which must be carried to the earliest
120.31 taxable year. No subtraction is allowed under this paragraph for taxable years beginning
120.32 after December 31, 2022.

121.1 (b) For each of the five taxable years beginning after December 31, 2022, there is allowed
121.2 a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the
121.3 expiration of paragraph (a).

121.4 (c) Entities that are part of a combined reporting group under the unitary rules of section
121.5 290.17, subdivision 4, must compute deductions and additions as required under section
121.6 290.34, subdivision 5.

121.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
121.8 after December 31, 2019.

121.9 Sec. 6. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

121.12 (b) "Dependent" means any individual who is considered a dependent under sections
121.13 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

121.14 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

121.15 (d) "Exemption amount" means the exemption amount under section 290.0121,
121.16 subdivision 1, paragraph (b).

121.17 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
121.18 homestead, exclusive of charges for any medical services furnished by the landlord as a
121.19 part of the rental agreement, whether expressly set out in the rental agreement or not. The
121.20 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.
121.21 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
121.22 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
121.23 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
121.24 length and the commissioner determines that the gross rent charged was excessive, the
121.25 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

121.26 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

121.27 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

121.28 (h) "Household income" means all income received by all persons of a household in a
121.29 taxable year while members of the household, other than income of a dependent.

121.30 (i) "Income" means adjusted gross income, minus:

121.31 (1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

- 122.1 (2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;
- 122.2 (3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;
- 122.3 (4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;
- 122.4 (5) for the taxpayer's fifth dependent, the exemption amount; and
- 122.5 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
- 122.6 before the close of the taxable year, the exemption amount.

122.7 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid

122.8 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable

122.9 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the

122.10 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim

122.11 for a credit under this section by the claimant. If an individual occupies a homestead with

122.12 another person or persons not related to the individual as the individual's spouse or as

122.13 dependents, and the other person or persons are residing at the homestead under a rental or

122.14 lease agreement with the individual, the amount of rent constituting property tax for the

122.15 individual equals that portion not covered by the rental agreement.

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

122.17 31, 2024.

122.18 Sec. 7. Minnesota Statutes 2024, section 290.0693, subdivision 6, is amended to read:

122.19 Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care**

122.20 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim

122.21 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care

122.22 facility, long-term residential facility, or a facility that accepts housing support payments

122.23 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income

122.24 program under title XVI of the Social Security Act, the Minnesota supplemental aid program

122.25 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX

122.26 of the Social Security Act, or the housing support program under chapter 256I.

122.27 (b) If only a portion of the rent constituting property taxes is paid by these programs,

122.28 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,

122.29 the numerator of which is adjusted gross income, ~~reduced by the total amount of income~~

122.30 ~~from the above sources other than vendor payments under the medical assistance program~~

122.31 and the denominator of which is adjusted gross income, plus vendor payments under the

122.32 medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 8. Minnesota Statutes 2024, section 290.0693, subdivision 8, is amended to read:

Subd. 8. **One claimant per household.** Only one taxpayer per household per year is entitled to claim a credit under this section. In the case of a married couple filing a joint return, the couple may claim a credit under this section based on the total amount of both spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and both spouses' share of the gross rent and not solely on the income of the spouse.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 9. Minnesota Statutes 2024, section 290.0695, subdivision 2, is amended to read:

Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased within the state by the eligible taxpayer for which the taxpayer made the~~ qualified railroad reconstruction or replacement expenditures ~~as of the close of the taxable year for which the credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for which the credit is claimed.

(b) The credit allowed under paragraph (a) for any taxable year must not exceed the product of:

(1) \$3,000, multiplied by;

124.1 (2) the number of miles of railroad track owned or leased by the eligible taxpayer within
124.2 this state as of the close of the taxable year for which the taxpayer made qualified railroad
124.3 reconstruction or replacement expenditures for which the credit is claimed.

124.4 ~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year
124.5 exceeds the liability for tax under this chapter, the excess is a credit carryover to each of
124.6 the five succeeding taxable years. The entire amount of the excess unused credit for the
124.7 taxable year must be carried first to the earliest of the taxable years to which the credit may
124.8 be carried and then to each successive year to which the credit may be carried. The amount
124.9 of the unused credit that may be added under this paragraph must not exceed the taxpayer's
124.10 liability for tax less the credit for the taxable year.

124.11 ~~(e)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the
124.12 credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction
124.13 or replacement expenditures.

124.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
124.15 after December 31, 2022.

124.16 Sec. 10. Laws 2023, chapter 1, section 22, is amended to read:

124.17 **Sec. 22. TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS,**
124.18 **ESTATES, AND TRUSTS.**

124.19 (a) For the purposes of this section:

124.20 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,
124.21 subdivision 1, and the rules in that subdivision apply to this section;

124.22 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision
124.23 1, and the rules in that subdivision apply to this section; and

124.24 (3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

124.25 (b) The following amounts are subtractions:

124.26 (1) the amount of wages used for the calculation of the employee retention credit for
124.27 employers affected by qualified disasters, to the extent not deducted from income, under
124.28 Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section
124.29 303;

125.1 (2) the amount of wages used for the calculation of the payroll credit for required paid
125.2 sick leave, to the extent not deducted from income, under Public Law 116-127, section
125.3 7001, as amended by section 9641 of Public Law 117-2;

125.4 (3) the amount of wages or expenses used for the calculation of the payroll credit for
125.5 required paid family leave, to the extent not deducted from income, under Public Law
125.6 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

125.7 (4) the amount of wages used for the calculation of the employee retention credit for
125.8 employers subject to closure due to COVID-19, to the extent not deducted from income,
125.9 under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE,
125.10 section 207, and Public Law 117-2, section 9651; and

125.11 (5) the amount required to be added to gross income to claim the credit in section 6432
125.12 of the Internal Revenue Code.

125.13 (c) The following amounts are additions:

125.14 (1) the amount subtracted for qualified tuition expenses under section 222 of the Internal
125.15 Revenue Code, as amended by Public Law 116-94, division Q, section 104;

125.16 (2) the amount of above the line charitable contributions deducted under section 2204
125.17 of Public Law 116-136;

125.18 (3) the amount of meal expenses in excess of the 50 percent limitation under section
125.19 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2),
125.20 subparagraph (D), of that section; and

125.21 (4) the amount of charitable contributions deducted from federal taxable income by a
125.22 trust for taxable year 2020 under Public Law 116-136, section 2205(a).

125.23 (d) The commissioner of revenue must apply the subtractions in paragraph (b) and the
125.24 additions in paragraph (c), when calculating the following:

125.25 (1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph
125.26 (e);

125.27 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section
125.28 290.091; and

125.29 (3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph~~
125.30 ~~(j)~~, for the purposes of determining the tax for composite filers and the pass-through entity
125.31 tax, means the partner's share of federal adjusted gross income from the partnership modified
125.32 by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10,

126.1 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132,
126.2 subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota
126.3 under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132,
126.4 subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132,
126.5 subdivision 9, is only allowed on the composite tax computation to the extent the electing
126.6 partner would have been allowed the subtraction.

126.7 (e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter
126.8 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income,"
126.9 as defined in Minnesota Statutes, section 290A.03, subdivision 3.

126.10 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
126.11 in Laws 2023, chapter 1, section 22, were effective for federal purposes.

126.12 **ARTICLE 9**

126.13 **DEPARTMENT OF REVENUE: SALES AND USE TAXES**

126.14 Section 1. Minnesota Statutes 2024, section 297A.71, subdivision 54, is amended to read:

126.15 Subd. 54. **Sustainable aviation fuel facilities.** (a) Materials and supplies used or
126.16 consumed in and equipment incorporated into the construction, reconstruction, or
126.17 improvement of a facility located in Minnesota that produces or blends sustainable aviation
126.18 fuel, as defined in section 41A.30, subdivision 1, is if materials, supplies, and equipment
126.19 are purchased after June 30, 2027, and before July 1, 2034, are exempt.

126.20 (b) The tax must be imposed and collected as if the rate under section 297A.62,
126.21 subdivision 1, applied and then refunded in the manner as provided for projects under section
126.22 297A.75, subdivision 1, ~~clause (1).~~

126.23 (c) For a project, a portion of which is not used to produce or blend sustainable aviation
126.24 fuel, the amount of purchases that are exempt under this subdivision must be determined
126.25 by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

126.26 (1) the capacity to generate sustainable aviation fuel either through production or
126.27 blending; and

126.28 (2) the capacity to generate all fuels.

126.29 (d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for
126.30 sales and purchases made prior to July 1, 2034.

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

127.1 Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, is amended to read:

127.2 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
127.3 exempt items must be imposed and collected as if the sale were taxable and the rate under
127.4 section 297A.62, subdivision 1, applied. The exempt items include:

127.5 (1) building materials for an agricultural processing facility exempt under section
127.6 297A.71, subdivision 13;

127.7 (2) building materials for mineral production facilities exempt under section 297A.71,
127.8 subdivision 14;

127.9 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

127.10 (4) building materials used in a residence for veterans with a disability exempt under
127.11 section 297A.71, subdivision 11;

127.12 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

127.13 (6) materials and supplies for qualified low-income housing under section 297A.71,
127.14 subdivision 23;

127.15 (7) materials, supplies, and equipment for municipal electric utility facilities under
127.16 section 297A.71, subdivision 35;

127.17 (8) equipment and materials used for the generation, transmission, and distribution of
127.18 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
127.19 37;

127.20 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
127.21 (a), clause (10);

127.22 (10) materials, supplies, and equipment for construction or improvement of projects and
127.23 facilities under section 297A.71, subdivision 40;

127.24 (11) enterprise information technology equipment and computer software for use in a
127.25 qualified data center exempt under section 297A.68, subdivision 42;

127.26 (12) materials, supplies, and equipment for qualifying capital projects under section
127.27 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

127.28 (13) items purchased for use in providing critical access dental services exempt under
127.29 section 297A.70, subdivision 7, paragraph (c);

128.1 (14) items and services purchased under a business subsidy agreement for use or
128.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
128.3 44;

128.4 (15) building materials, equipment, and supplies for constructing or replacing real
128.5 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

128.6 (16) building materials, equipment, and supplies for qualifying capital projects under
128.7 section 297A.71, subdivision 52; ~~and~~

128.8 (17) building materials, equipment, and supplies for constructing, remodeling, expanding,
128.9 or improving a fire station, police station, or related facilities exempt under section 297A.71,
128.10 subdivision 53; and

128.11 (18) building materials, equipment, and supplies for constructing, remodeling, or
128.12 improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision
128.13 54.

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

128.15 Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

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

128.19 (1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

128.20 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

128.23 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
128.24 property;

128.25 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

128.26 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
128.27 joint venture of municipal electric utilities;

128.28 (7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

128.29 (8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the
128.30 governmental entity that owns or contracts for the project or facility; ~~and~~

129.1 (9) for subdivision 1, clause (15), the applicant must be the owner or developer of the
129.2 building or project; and

129.3 (10) for subdivision 1, clause (18), the applicant must be the owner or developer of the
129.4 sustainable aviation fuel facility.

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

129.6 Sec. 4. Minnesota Statutes 2024, section 297A.75, subdivision 3, is amended to read:

129.7 Subd. 3. **Application.** (a) The application must include sufficient information to permit
129.8 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
129.9 or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(17)~~ (18), the contractor,
129.10 subcontractor, or builder must furnish to the refund applicant a statement including the cost
129.11 of the exempt items and the taxes paid on the items unless otherwise specifically provided
129.12 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
129.13 this section.

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

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

129.17 Sec. 5. Minnesota Statutes 2024, section 297A.94, is amended to read:

129.18 **297A.94 DEPOSIT OF REVENUES.**

129.19 (a) Except as provided in this section, the commissioner shall deposit the revenues,
129.20 including interest and penalties, derived from the taxes imposed by this chapter in the state
129.21 treasury and credit them to the general fund.

129.22 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
129.23 account in the special revenue fund if:

129.24 (1) the taxes are derived from sales and use of property and services purchased for the
129.25 construction and operation of an agricultural resource project; and

129.26 (2) the purchase was made on or after the date on which a conditional commitment was
129.27 made for a loan guaranty for the project under section 41A.04, subdivision 3.

129.28 The commissioner of management and budget shall certify to the commissioner the date on
129.29 which the project received the conditional commitment. The amount deposited in the loan
129.30 guaranty account must be reduced by any refunds and by the costs incurred by the Department
129.31 of Revenue to administer and enforce the assessment and collection of the taxes.

130.1 (c) The commissioner shall deposit the revenues, including interest and penalties, derived
130.2 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,
130.3 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

130.4 (1) first to the general obligation special tax bond debt service account in each fiscal
130.5 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

130.6 (2) after the requirements of clause (1) have been met, the balance to the general fund.

130.7 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit
130.8 in the state treasury the revenues collected under section 297A.64, subdivision 1, including
130.9 interest and penalties and minus refunds, and credit them to the highway user tax distribution
130.10 fund.

130.11 (e) The commissioner shall deposit the revenues, including interest and penalties,
130.12 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
130.13 general fund. By July 15 of each year the commissioner shall transfer to the highway user
130.14 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
130.15 subdivision 5, for the previous calendar year.

130.16 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit
130.17 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and
130.18 credit to the highway user tax distribution fund an amount equal to the estimated revenues
130.19 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or
130.20 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The
130.21 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph
130.22 based on the amount of revenue deposited under paragraph (d).

130.23 (g) Each month the commissioner must deposit ~~the~~ an amount equal to the estimated
130.24 revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale
130.25 and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

130.26 (1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

130.27 (2) a percentage to the transportation advancement account under section 174.49 as
130.28 follows:

130.29 (i) 3.5 percent in fiscal year 2024;

130.30 (ii) 4.5 percent in fiscal year 2025;

130.31 (iii) 5.5 percent in fiscal year 2026;

130.32 (iv) 7.5 percent in fiscal year 2027;

131.1 (v) 14.5 percent in fiscal year 2028;

131.2 (vi) 21.5 percent in fiscal year 2029;

131.3 (vii) 28.5 percent in fiscal year 2030;

131.4 (viii) 36.5 percent in fiscal year 2031;

131.5 (ix) 44.5 percent in fiscal year 2032; and

131.6 (x) 56.5 percent in fiscal year 2033 and thereafter; and

131.7 (3) the remainder in each fiscal year to the general fund.

131.8 After each February forecast, and prior to the following April 15, the commissioner shall
131.9 estimate the monthly deposit amount for use in the following fiscal year based on the estimate
131.10 of average revenue derived from the taxes imposed under section 297A.62, subdivision 1,
131.11 on the sale and purchase of motor vehicle repair and replacement parts from the department's
131.12 three most recent consumption tax models. For purposes of this paragraph, "motor vehicle"
131.13 has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and
131.14 replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into
131.15 or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii)
131.16 paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle
131.17 maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used
131.18 on highway vehicles, if wholly or partially made of rubber and if marked according to
131.19 federal regulations for highway use.

131.20 (h) 81.56 percent of the revenues, including interest and penalties, transmitted to the
131.21 commissioner under section 297A.65, must be deposited by the commissioner in the state
131.22 treasury as follows:

131.23 (1) 47.5 percent of the receipts must be deposited in the heritage enhancement account
131.24 in the game and fish fund, and may be spent only on activities that improve, enhance, or
131.25 protect fish and wildlife resources, including conservation, restoration, and enhancement
131.26 of land, water, and other natural resources of the state;

131.27 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
131.28 be spent only for state parks and trails;

131.29 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
131.30 be spent only on metropolitan park and trail grants;

131.31 (4) three percent of the receipts must be deposited in the natural resources fund, and
131.32 may be spent only on local trail grants;

132.1 (5) two percent of the receipts must be deposited in the natural resources fund, and may
132.2 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,
132.3 and the Duluth Zoo; and

132.4 (6) 2.5 percent of the receipts must be deposited in the pollinator account established in
132.5 section 103B.101, subdivision 19.

132.6 (i) 1.5 percent of the revenues, including interest and penalties, transmitted to the
132.7 commissioner under section 297A.65 must be deposited in a regional parks and trails account
132.8 in the natural resources fund and may only be spent for parks and trails of regional
132.9 significance outside of the seven-county metropolitan area under section 85.535, based on
132.10 recommendations from the Greater Minnesota Regional Parks and Trails Commission under
132.11 section 85.536.

132.12 (j) 1.5 percent of the revenues, including interest and penalties, transmitted to the
132.13 commissioner under section 297A.65 must be deposited in an outdoor recreational
132.14 opportunities for underserved communities account in the natural resources fund and may
132.15 only be spent on projects and activities that connect diverse and underserved Minnesotans
132.16 through expanding cultural environmental experiences, exploration of their environment,
132.17 and outdoor recreational activities.

132.18 (k) The revenue dedicated under paragraph (h) may not be used as a substitute for
132.19 traditional sources of funding for the purposes specified, but the dedicated revenue shall
132.20 supplement traditional sources of funding for those purposes. Land acquired with money
132.21 deposited in the game and fish fund under paragraph (h) must be open to public hunting
132.22 and fishing during the open season, except that in aquatic management areas or on lands
132.23 where angling easements have been acquired, fishing may be prohibited during certain times
132.24 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
132.25 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
132.26 resources under paragraph (h) must be allocated for field operations.

132.27 (l) The commissioner must deposit the revenues, including interest and penalties minus
132.28 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,
132.29 that may be sold to persons 18 years old or older and that are not prohibited from use by
132.30 the general public under section 624.21, in the state treasury and credit:

132.31 (1) 25 percent to the volunteer fire assistance grant account established under section
132.32 88.068;

132.33 (2) 25 percent to the fire safety account established under section 297I.06, subdivision
132.34 3; and

133.1 (3) the remainder to the general fund.

133.2 For purposes of this paragraph, the percentage of total sales and use tax revenue derived
133.3 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be
133.4 sold to persons 18 years old or older and are not prohibited from use by the general public
133.5 under section 624.21, is a set percentage of the total sales and use tax revenues collected in
133.6 the state, with the percentage determined under Laws 2017, First Special Session chapter
133.7 1, article 3, section 39.

133.8 (m) The revenues deposited under paragraphs (a) to (l) do not include the revenues,
133.9 including interest and penalties, generated by the sales tax imposed under section 297A.62,
133.10 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,
133.11 article XI, section 15.

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

133.13 Sec. 6. Minnesota Statutes 2024, section 297A.99, subdivision 10, is amended to read:

133.14 Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined
133.15 tax rate imposed in the zip code area applies if the area includes more than one tax rate in
133.16 any level of taxing jurisdictions.

133.17 (b) If a nine-digit zip code designation is not available for a street address or if a seller
133.18 is unable to determine the nine-digit zip code designation of a purchaser after exercising
133.19 due diligence to determine the designation, the seller may apply the rate for the five-digit
133.20 zip code area.

133.21 (c) For the purposes of this subdivision, there is a rebuttable presumption that a seller
133.22 has exercised due diligence for a sale that requires a full street address to be completed if
133.23 the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the
133.24 look-up application form the United States Postal Service; (2) software certified by the
133.25 Coding Accuracy Support System; or (3) other software approved by the governing board
133.26 that makes this designation from the street address and the five-digit zip code of the
133.27 purchaser. For a sale that does not require a full street address to be completed, a seller has
133.28 not exercised due diligence unless the seller has obtained or requested from the purchaser
133.29 (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip
133.30 code. A seller that has not exercised due diligence is not relieved from any additional liability
133.31 that may be due as a result of incorrect sourcing.

(d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.995, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section:

(a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

(b) "Certified automated system" means software certified jointly by the states that are signatories to the agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction.

(c) "Certified service provider" means an agent certified ~~jointly by the states that are signatories to the agreement to perform all of the seller's sales tax functions~~ under the Agreement to perform the seller's sales and use tax functions as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service providers, except that sellers retain the obligation to remit tax on their own purchases.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when

135.1 the sellers or certified service providers have incorrectly classified an item or transaction
135.2 into a product category, unless the item or transaction within a product category was approved
135.3 by the commissioner or approved jointly by the states that are signatories to the agreement.
135.4 The sellers and certified service providers must revise a classification within ten days after
135.5 receipt of notice from the commissioner that an item or transaction within a product category
135.6 is incorrectly classified as to its taxability, or they are not relieved from liability for the
135.7 incorrect classification following the notification.

135.8 (c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment
135.9 of a new tax rate and the effective date of the new rate, sellers and certified service providers
135.10 shall be relieved from liability for failing to collect tax at the new rate during the first 30
135.11 days of the rate change, beginning on the day after the date of enactment of the rate change,
135.12 provided the seller or certified service provider continued to impose and collect the tax at
135.13 the immediately preceding tax rate during this period. Relief from liability provided by this
135.14 paragraph shall not apply if the failure to collect at the newly effective rate extends beyond
135.15 30 days after the enactment of the new rate. The relief provided by this paragraph shall not
135.16 apply if the commissioner determines that the seller or certified service provider fraudulently
135.17 failed to collect at the new rate or that the seller or certified service provider solicited
135.18 purchasers based on the immediately preceding tax rate.

135.19 (d) Certified service providers are relieved from liability to the state when a seller fails
135.20 to remit all or a portion of the seller's taxes prior to the due date of the remittance if the
135.21 certified service provider has provided notification as outlined in the contract between the
135.22 Streamlined Sales Tax Governing Board and the certified service provider.

135.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
135.24 30, 2025.

135.25 ARTICLE 10

135.26 DEPARTMENT OF REVENUE: MISCELLANEOUS

135.27 Section 1. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

135.28 Subd. 3. **Standards of conduct.** No tax preparer shall:

135.29 (1) without good cause fail to promptly, diligently, and without unreasonable delay
135.30 complete a client's return;

135.31 (2) obtain the signature of a client to a return or authorizing document that contains
135.32 blank spaces to be filled in after it has been signed;

- 136.1 (3) fail to sign a client's return when compensation for services rendered has been made;
- 136.2 (4) fail to provide on a client's return the preparer tax identification number when required
136.3 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;
- 136.4 (5) fail or refuse to give a client a copy of any document requiring the client's signature
136.5 within a reasonable time after the client signs the document;
- 136.6 (6) fail to retain for at least four years a copy of a client's returns;
- 136.7 (7) fail to maintain a confidential relationship with clients or former clients;
- 136.8 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
136.9 personal information;
- 136.10 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
136.11 indirectly, any false, deceptive, or misleading statement or representation relating to or in
136.12 connection with the offering or provision of tax preparation services;
- 136.13 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 136.14 (11) claim credits or deductions on a client's return for which the tax preparer knows or
136.15 reasonably should know the client does not qualify;
- 136.16 (12) report a household income on a client's claim filed under chapter 290A that the tax
136.17 preparer knows or reasonably should know is not accurate;
- 136.18 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
136.19 13, 20, 20a, 26, or 28;
- 136.20 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
136.21 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 136.22 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
136.23 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 136.24 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
136.25 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 136.26 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
136.27 refund for tax preparation services;
- 136.28 (18) under any circumstances, withhold or fail to return to a client a document provided
136.29 by the client for use in preparing the client's return;
- 136.30 (19) take control or ownership of a client's refund or department payment by any means,
136.31 including:

- 137.1 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
137.2 instrument, including an electronic version of a check;
- 137.3 (ii) directing an electronic or direct deposit of the refund or department payment into an
137.4 account unless the client's name is on the account; and
- 137.5 (iii) establishing or using an account in the preparer's name to receive a client's refund
137.6 or department payment through a direct deposit or any other instrument unless the client's
137.7 name is also on the account, except that a taxpayer may assign the portion of a refund
137.8 representing the Minnesota education credit available under section 290.0674 to a bank
137.9 account without the client's name, as provided under section 290.0679;
- 137.10 (20) fail to act in the best interests of the client;
- 137.11 (21) fail to safeguard and account for any money handled for the client;
- 137.12 (22) fail to disclose all material facts of which the preparer has knowledge which might
137.13 reasonably affect the client's rights and interests;
- 137.14 (23) violate any provision of section 332.37;
- 137.15 (24) include any of the following in any document provided or signed in connection
137.16 with the provision of tax preparation services:
- 137.17 (i) a hold harmless clause;
- 137.18 (ii) a confession of judgment or a power of attorney to confess judgment against the
137.19 client or appear as the client in any judicial proceeding;
- 137.20 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
137.21 a debtor;
- 137.22 (iv) an assignment of or an order for payment of wages or other compensation for
137.23 services;
- 137.24 (v) a provision in which the client agrees not to assert any claim or defense otherwise
137.25 available;
- 137.26 (vi) a waiver of any provision of this section or a release of any obligation required to
137.27 be performed on the part of the tax preparer; or
- 137.28 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
137.29 a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 2. Minnesota Statutes 2024, section 270C.445, subdivision 6, is amended to read:

Subd. 6. Enforcement; administrative order; penalties; cease and desist. (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct for which a tax preparer penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this paragraph are public data.

(b) In addition to the penalty under paragraph (a), if the commissioner determines that a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may issue an administrative order to the tax preparer requiring the tax preparer to cease and desist from committing the violation. The administrative order may include an administrative penalty provided in paragraph (a).

(c) If the commissioner issues an administrative order under paragraph (b), the commissioner must send the order to the tax preparer addressed to the last known address of the tax preparer.

(d) A cease and desist order under paragraph (b) must:

(1) describe the act, conduct, or practice committed and include a reference to the law that the act, conduct, or practice violates; and

(2) provide notice that the tax preparer may request a hearing as provided in this subdivision.

(e) Within 30 days after the commissioner issues an administrative order under paragraph (b), the tax preparer may request a hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on the commissioner at the address

139.1 specified in the order. The hearing request must specifically state the reasons for seeking
139.2 review of the order. The date on which a request for hearing is served by mail is the postmark
139.3 date on the envelope in which the request for hearing is mailed.

139.4 (f) If a tax preparer does not timely request a hearing regarding an administrative order
139.5 issued under paragraph (b), the order becomes a final order of the commissioner and is not
139.6 subject to review by any court or agency.

139.7 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
139.8 under paragraph (b), the hearing must be commenced by the issuance of a notice of and
139.9 order for hearing by the commissioner within ten 30 days after the commissioner receives
139.10 the request for a hearing.

139.11 (h) A hearing timely requested under paragraph (e) is subject to the contested case
139.12 procedure under chapter 14, as modified by this subdivision. The administrative law judge
139.13 must issue a report containing findings of fact, conclusions of law, and a recommended
139.14 order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits,
139.15 or the submission of written arguments, whichever is later.

139.16 (i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under
139.17 paragraph (h), any party aggrieved by the administrative law judge's report may submit
139.18 written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving
139.19 the administrative law judge's report, the commissioner must issue an order vacating,
139.20 modifying, or making final the administrative order.

139.21 (j) The commissioner and the tax preparer requesting a hearing may by agreement
139.22 lengthen any time periods prescribed in paragraphs (g) to (i).

139.23 (k) An administrative order issued under paragraph (b) is in effect until it is modified
139.24 or vacated by the commissioner or an appellate court. The administrative hearing provided
139.25 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
139.26 the exclusive remedy for a tax preparer aggrieved by the order.

139.27 (l) The commissioner may impose an administrative penalty, in addition to the penalty
139.28 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
139.29 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
139.30 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
139.31 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
139.32 penalty order. The request for hearing must be made in writing and must be served on the
139.33 commissioner at the address specified in the order. The hearing request must specifically
139.34 state the reasons for seeking review of the order. The cease and desist order issued under

140.1 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
140.2 this paragraph. The date on which a request for hearing is served by mail is the postmark
140.3 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
140.4 timely request a hearing, the penalty order becomes a final order of the commissioner and
140.5 is not subject to review by any court or agency. A penalty imposed by the commissioner
140.6 under this paragraph may be collected and enforced by the commissioner as an income tax
140.7 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
140.8 imposed under this paragraph. A penalty imposed under this paragraph is public data.

140.9 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
140.10 commissioner may terminate the tax preparer's authority to transmit returns electronically
140.11 to the state. Termination under this paragraph is public data.

140.12 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
140.13 order.

140.14 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
140.15 action under this subdivision against a tax preparer, with respect to a return, within the
140.16 period to assess tax on that return as provided by sections 289A.38 to 289A.382.

140.17 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
140.18 a tax preparer under this subdivision, other than with respect to a return, must be taken by
140.19 the commissioner within five years of the violation of statute.

140.20 **EFFECTIVE DATE.** This section is effective for penalties assessed and orders issued
140.21 after the day following final enactment.

140.22 Sec. 3. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

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

140.28 The first \$500,000 of market value of class 1a property has a net classification rate of
140.29 one percent of its market value; and the market value of class 1a property that exceeds
140.30 \$500,000 has a classification rate of 1.25 percent of its market value.

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

141.1 (1) any person who is blind as defined in section 256D.35, or the person who is blind
141.2 and the spouse of the person who is blind;

141.3 (2) any person who is permanently and totally disabled or by the person with a disability
141.4 and the spouse of the person with a disability; or

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

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

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

141.14 Permanently and totally disabled for the purpose of this subdivision means a condition
141.15 which is permanent in nature and totally incapacitates the person from working at an
141.16 occupation which brings the person an income. The first \$50,000 market value of class 1b
141.17 property has a net classification rate of ~~.45~~ 0.45 percent of its market value. The remaining
141.18 market value of class 1b property is classified as class 1a property, ~~or~~ class 2a property, or
141.19 class 4d(2) property, whichever is appropriate.

141.20 (c) Class 1c property is commercial use real and personal property that abuts public
141.21 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
141.22 the Department of Natural Resources, and is devoted to temporary and seasonal residential
141.23 occupancy for recreational purposes but not devoted to commercial purposes for more than
141.24 250 days in the year preceding the year of assessment, and that includes a portion used as
141.25 a homestead by the owner, which includes a dwelling occupied as a homestead by a
141.26 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
141.27 resort, or a member of a limited liability company that owns the resort even if the title to
141.28 the homestead is held by the corporation, partnership, or limited liability company. For
141.29 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
141.30 if any portion of the property, excluding the portion used exclusively as a homestead, is
141.31 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
141.32 property must contain three or more rental units. A "rental unit" is defined as a cabin,
141.33 condominium, townhouse, sleeping room, or individual camping site equipped with water
141.34 and electrical hookups for recreational vehicles. Class 1c property must provide recreational

activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective beginning with assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 289A.12, subdivision 18, is amended to read:

Subd. 18. ~~Returns~~ **Return by qualified heirs.** A qualified heir, as defined in section 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner attesting that no disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later than 26 months after the decedent's death.~~ The second return must be filed no earlier than 36 months and no later than 39 months after the decedent's death.

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

Sec. 5. Minnesota Statutes 2024, section 297E.06, subdivision 4, is amended to read:

Subd. 4. ~~Annual audit, and certified inventory, and cash count.~~ (a) An organization licensed under chapter 349 with gross receipts from lawful gambling of more than \$750,000 in any year must have an annual financial audit of its lawful gambling activities and funds for that year. For the purposes of this subdivision, "gross receipts" does not include a licensed organization's receipts from electronic pull-tabs regulated under chapter 349 provided the electronic pull-tab manufacturer has completed an annual system and organization controls audit, containing standards that must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants.

(b) The commissioner may require a financial audit of the lawful gambling activities and funds of an organization licensed under chapter 349, with gross receipts less than \$750,000 annually, when an organization has:

144.1 (1) failed to timely file required gambling tax returns;

144.2 (2) failed to timely pay the gambling tax or regulatory fee;

144.3 (3) filed fraudulent gambling tax returns;

144.4 (4) failed to take corrective actions required by the commissioner; or

144.5 (5) failed to otherwise comply with this chapter.

144.6 (c) Audits under this subdivision must be performed by an independent accountant firm
144.7 licensed in accordance with chapter 326A.

144.8 (d) An organization licensed under chapter 349 must perform an annual certified inventory
144.9 ~~and cash count~~ report at the end of its fiscal year and submit the report to the commissioner
144.10 within 30 days after the end of its fiscal year. The report shall be on a form prescribed by
144.11 the commissioner.

144.12 (e) The commissioner of revenue shall prescribe standards for the audits; and certified
144.13 inventory; ~~and cash count reports~~ report required under this subdivision. The standards may
144.14 vary based on the gross receipts of the organization. The standards must incorporate and
144.15 be consistent with standards prescribed by the American Institute of Certified Public
144.16 Accountants. A complete, true, and correct copy of the audits, certified inventory, and cash
144.17 count report must be filed as prescribed by the commissioner.

144.18 **EFFECTIVE DATE.** This section is effective July 1, 2025.

144.19 Sec. 6. Minnesota Statutes 2024, section 297I.20, subdivision 4, is amended to read:

144.20 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
144.21 tax imposed under this chapter equal to the amount indicated on the credit certificate
144.22 statement issued to the company under section 116U.27. If the amount of the credit exceeds
144.23 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
144.24 the five succeeding taxable years. The entire amount of the excess unused credit for the
144.25 taxable year must be carried first to the earliest of the taxable years to which the credit may
144.26 be carried and then to each successive year to which the credit may be carried. This credit
144.27 does not affect the calculation of fire state aid under section 477B.03 and police state aid
144.28 under section 477C.03.

144.29 (b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and
144.30 premiums received after December 31, ~~2024~~ 2030.

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

145.1 Sec. 7. Laws 2023, chapter 1, section 28, is amended to read:

145.2 Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

145.3 (a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as
145.4 a result of this act may file an amended return by December 31, 2023. The commissioner
145.5 may review and assess the return of a taxpayer covered by this provision for the later of:

145.6 (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision
145.7 3; and 289A.40; or

145.8 (2) one year from the time the amended return is filed as a result of a change in tax
145.9 liability under this section.

145.10 (b) Interest on any additional liabilities as a result of any provision in this act accrue
145.11 beginning on January 1, 2024.

145.12 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
145.13 incorporated in Laws 2023, chapter 1, were effective for federal purposes.

APPENDIX
Article locations for H2437-2

ARTICLE 1	INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES..	Page.Ln 2.17
	SALES AND USE TAXES; EXCISE TAXES; LOCAL SALES	
ARTICLE 2	TAXES.....	Page.Ln 20.13
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ARTICLE 4	PROPERTY TAX AIDS.....	Page.Ln 56.26
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ARTICLE 8	CORPORATE FRANCHISE TAXES.....	Page.Ln 116.10
ARTICLE 9	DEPARTMENT OF REVENUE: SALES AND USE TAXES.....	Page.Ln 126.12
ARTICLE 10	DEPARTMENT OF REVENUE: MISCELLANEOUS.....	Page.Ln 135.25

13.4967 OTHER TAX DATA CODED ELSEWHERE.

Subd. 2a. **Assignment of refund.** Data regarding assignment of individual income tax refunds is classified by section 290.0679, subdivision 9.

Subd. 5. **Marijuana and controlled substance tax information.** Disclosure of information obtained under chapter 297D is governed by section 297D.13, subdivisions 1 to 3.

290.0679 ASSIGNMENT OF REFUND.

Subdivision 1. **Definitions.** (a) "Qualifying taxpayer" means a resident who has a child in kindergarten through grade 12 in the current tax year and who met the income requirements under section 290.0674, subdivision 2, for receiving the education credit in the tax year preceding the assignment of the taxpayer's refund.

(b) "Education credit" means the credit allowed under section 290.0674.

(c) "Refund" means an individual income tax refund.

(d) "Financial institution" means a state or federally chartered bank, savings bank, savings association, or credit union.

(e) "Qualifying organization" means a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

(f) "Assignee" means a financial institution or qualifying organization that is entitled to receive payment of a refund assigned under this section.

Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of an anticipated refund for the current and future taxable years to a financial institution or a qualifying organization. A financial institution or qualifying organization accepting assignment must pay the amount secured by the assignment to a third-party vendor. The commissioner of education shall, upon request from a third-party vendor, certify that the vendor's products and services qualify for the education credit. A denial of a certification may be appealed to the commissioner pursuant to this subdivision and notwithstanding chapter 14. A financial institution or qualifying organization that accepts assignments under this section must verify as part of the assignment documentation that the product or service to be provided by the third-party vendor has been certified by the commissioner of education as qualifying for the education credit. The amount assigned for the current and future taxable years may not exceed the maximum allowable education credit for the current taxable year. Both the taxpayer and spouse must consent to the assignment of a refund from a joint return.

Subd. 3. **Consent for disclosure.** When the taxpayer applies to the financial institution or the qualifying organization for a loan to be secured by the assignment under subdivision 2, the taxpayer must sign a written consent on a form prescribed by the commissioner. The consent must authorize the commissioner to disclose to the financial institution or qualifying organization the total amount of state taxes owed or revenue recapture claims filed under chapter 270A against the taxpayer, and the total amount of outstanding assignments made by the taxpayer under this section. For a refund from a joint return, the consent must also authorize the disclosure of taxes, revenue recapture claims, and assignments relating to the taxpayer's spouse, and must be signed by the spouse. The financial institution or qualifying organization may request that the taxpayer provide a copy of the taxpayer's previous year's income tax return, if any, and may assist the taxpayer in requesting a copy of the previous year's return from the commissioner.

Subd. 4. **Consumer disclosure.** (a) A third-party vendor that receives payment of the amount secured by an assignment must comply with the requirements of this subdivision.

(b) The third-party vendor must disclose to the taxpayer, in plain language:

(1) the cost of each product or service for which the third-party vendor separately charges the taxpayer;

(2) any fees charged to the taxpayer for tax preparation services; and

(3) for qualifying low-income taxpayers, information on the availability of free tax preparation services.

(c) The third-party vendor must provide to the taxpayer executed copies of any documents signed by the taxpayer.

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Subd. 5. **Filing of assignment.** The commissioner shall prescribe the form of and manner for filing an assignment of a refund under this section.

Subd. 6. **Effect of assignment.** The taxpayer may not revoke an assignment after it has been filed. The assignee must notify the commissioner if the loan secured by the assignment has been paid in full, in which case the assignment is canceled. An assignment is in effect until the amount assigned is refunded in full to the assignee, or until the assignee cancels the assignment.

Subd. 7. **Payment of refund.** When a refund assigned under this section is issued by the commissioner, the proceeds of the refund, as defined in subdivision 1, paragraph (c), must be distributed in the following order:

- (1) to satisfy any delinquent tax obligations of the taxpayer which are owed to the commissioner;
- (2) to claimant agencies to satisfy any revenue recapture claims filed against the taxpayer, in the order of priority of the claims set forth in section 270A.10;
- (3) to assignees to satisfy assignments under this section, based on the order in time in which the commissioner received the assignments; and
- (4) to the taxpayer.

Subd. 8. **Legal action.** If there is a dispute between the taxpayer and the assignee after the commissioner has remitted the taxpayer's refund to the assignee, the taxpayer's only remedy is to bring an action against the assignee in court to recover the refund. The action must be brought within two years after the commissioner remits the refund to the assignee. The commissioner may not be a party to the proceeding.

Subd. 9. **Assignments private data.** Information regarding assignments under this section is classified as private data on individuals.

297D.01 DEFINITIONS.

Subdivision 1. **Illegal cannabis.** "Illegal cannabis" means any taxable cannabis product as defined in section 295.81, subdivision 1, paragraph (r), whether real or counterfeit, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342 or Minnesota criminal laws.

Subd. 2. **Controlled substance.** "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include illegal cannabis.

Subd. 3. **Tax obligor or obligor.** "Tax obligor" or "obligor" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight. A quantity of illegal cannabis or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

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

297D.02 ADMINISTRATION.

The commissioner of revenue shall administer this chapter. The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. Tax obligors are not required to give their name, address, Social Security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

297D.03 RULES.

The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of providing, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.

297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.

No tax obligor may possess any illegal cannabis or controlled substance upon which a tax is imposed by section 297D.08 unless the tax has been paid on the illegal cannabis or a controlled substance as evidenced by a stamp or other official indicia.

297D.05 NO IMMUNITY.

Nothing in this chapter may in any manner provide immunity for a tax obligor from criminal prosecution pursuant to Minnesota law.

297D.06 PHARMACEUTICALS.

Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of illegal cannabis or a controlled substance to pay the tax required under this chapter.

297D.07 MEASUREMENT.

For the purpose of calculating the tax under section 297D.08, a quantity of illegal cannabis or a controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

297D.08 TAX RATE.

A tax is imposed on illegal cannabis and controlled substances as defined in section 297D.01 at the following rates:

- (1) on each gram of illegal cannabis, or each portion of a gram, \$3.50; and
- (2) on each gram of controlled substance, or portion of a gram, \$200; or
- (3) on each ten dosage units of a controlled substance that is not sold by weight, or portion thereof, \$400.

297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.

If another state or local unit of government has previously assessed an excise tax on the illegal cannabis or controlled substances, the taxpayer must pay the difference between the tax due under section 297D.08 and the tax previously paid. If the tax previously paid to the other state or local unit of government was equal to or greater than the tax due under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise tax on the illegal cannabis or controlled substances has been paid to another state or local unit of government.

297D.09 PENALTIES; CRIMINAL PROVISIONS.

Subdivision 1. **Penalties.** Any tax obligor violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 297D.08. The penalty will be collected as part of the tax.

Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty imposed, a tax obligor distributing or possessing illegal cannabis or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than \$14,000, or both.

Subd. 2. **Statute of limitations.** Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.

297D.10 STAMP PRICE.

Official stamps, labels, or other indicia to be affixed to all illegal cannabis or controlled substances shall be purchased from the commissioner. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

297D.11 PAYMENT DUE.

Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or imports into this state illegal cannabis or controlled substances on which a tax is imposed by section 297D.08,

and if the indicia evidencing the payment of the tax have not already been affixed, the tax obligor shall have them permanently affixed on the illegal cannabis or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.

Subd. 2. **Payable on possession.** Taxes imposed upon illegal cannabis or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a tax obligor.

297D.12 ALL ASSESSMENTS ARE JEOPARDY.

Subdivision 1. **Assessment procedure.** An assessment for a tax obligor not possessing valid stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270C.36. The commissioner shall assess a tax and applicable penalties based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax and penalty; demand its immediate payment; and, if payment is not immediately made, collect the tax and penalty by any method prescribed in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C.

Subd. 2. **Injunction prohibited.** No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties imposed by this chapter.

Subd. 3. **Standard of proof.** The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.

297D.13 CONFIDENTIAL NATURE OF INFORMATION.

Subdivision 1. **Disclosure prohibited.** Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter or any information obtained from a tax obligor; nor can any information contained in such a report or return or obtained from a tax obligor be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the tax obligor making the return.

Subd. 2. **Penalty for disclosure.** Any person violating this section is guilty of a gross misdemeanor.

Subd. 3. **Statistics.** This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Subd. 4. **Possession of stamps.** A stamp denoting payment of the tax imposed under this chapter must not be used against the taxpayer in a criminal proceeding, except that the stamp may be used against the taxpayer in connection with the administration or civil or criminal enforcement of the tax imposed under this chapter or any similar tax imposed by another state or local unit of government.

477A.32 LOCAL GOVERNMENT CANNABIS AID.

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

- (1) "city" means a statutory or home rule charter city; and
- (2) "director" means the director of the Office of Cannabis Management under section 342.02.

Subd. 2. **Certification to commissioner of revenue.** (a) By July 15, 2024, and annually thereafter, the commissioner of management and budget must certify to the commissioner of revenue the balance of the local government cannabis aid account in the special revenue fund as of the immediately preceding June 30.

(b) By June 1, 2024, and annually thereafter, the director must certify to the commissioner of revenue the number of cannabis businesses, as defined under section 342.01, subdivision 14, licensed under chapter 342 as of the previous January 1, disaggregated by county and city.

Subd. 3. **Aid to counties.** (a) Beginning for aid payable in 2024, the amount available for aid to counties under this subdivision equals 50 percent of the amount certified in that year to the commissioner under subdivision 2, paragraph (a).

APPENDIX
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(b) Twenty percent of the amount under paragraph (a) must be distributed equally among all counties.

(c) Eighty percent of the amount under paragraph (a) must be distributed proportionally to each county according to the number of cannabis businesses located in the county as compared to the number of cannabis businesses in all counties as of the most recent certification under subdivision 2, paragraph (b).

Subd. 4. **Aid to cities.** (a) Beginning for aid payable in 2024, the amount available for aid to cities under this subdivision equals 50 percent of the amount certified in that year to the commissioner under subdivision 2, paragraph (a).

(b) The amount under paragraph (a) must be distributed proportionally to each city according to the number of cannabis businesses located in the city as compared to the number of cannabis businesses in all cities as of the most recent certification under subdivision 2, paragraph (b).

Subd. 5. **Payment.** The commissioner of revenue must compute the amount of aid payable to each county and city under this section. On or before September 1 of each year, the commissioner must certify the amount to be paid to each county and city in that year. The commissioner must pay the full amount of the aid on December 26 annually.

Subd. 6. **Appropriation.** Beginning in fiscal year 2025 and annually thereafter, the amount in the local government cannabis aid account in the special revenue fund is annually appropriated to the commissioner of revenue to make the aid payments required under this section.