

A bill for an act

relating to taxation; making policy, technical, administrative, and clarifying changes to income, withholding, estate, property, sales and use, mortgage registry, lodging, and other various taxes and tax-related provisions; making changes to provisions related to certain aids and delinquent tax liabilities; amending Minnesota Statutes 2010, sections 69.031, subdivision 1; 270.87; 270C.32, subdivision 3, by adding a subdivision; 270C.34, subdivision 1; 270C.64; 270C.7101, subdivision 2; 270C.711; 272.029, by adding a subdivision; 273.124, subdivision 8; 273.13, subdivision 23; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.175; 287.05, subdivision 2; 289A.08, subdivisions 1, 7; 289A.12, by adding a subdivision; 289A.18, subdivision 3; 289A.25, subdivisions 1, 6, by adding a subdivision; 289A.26, subdivision 1; 289A.38, subdivision 5; 289A.60, subdivision 31; 290.92, subdivision 26; 291.03, subdivision 1b; 297A.62, by adding a subdivision; 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision; Laws 1986, chapter 462, section 31, as amended; proposing coding for new law in Minnesota Statutes, chapter 270C; repealing Minnesota Statutes 2010, sections 289A.38, subdivision 3; 290.06, subdivision 10; 290A.27.

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

ARTICLE 1

INDIVIDUAL INCOME AND WITHHOLDING TAXES

Section 1. Minnesota Statutes 2010, section 270C.34, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any penalty or interest that is imposed by a law administered by the commissioner, or imposed by section 270.0725, subdivision 1 or 2, as a result of the late payment of tax or late filing of a return, or any part of an additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared

disaster or in a presidentially declared state of emergency area or in an area declared to be in a state of emergency by the governor under section 12.31.

(b) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or accurate information.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 2. Minnesota Statutes 2010, section 289A.08, subdivision 1, is amended to read:

Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code, except that:

(1) an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the filing requirements for a single individual who is a full year resident of Minnesota; and

(2) an individual who is a Minnesota resident is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under section 290.17, less the ~~amount of the individual's gross income that consists of compensation paid to members of the armed forces of the United States or United Nations for active duty performed outside Minnesota~~ subtraction allowed under section 290.01, subdivision 19b, clauses (11) and (14), is less than the filing requirements for a single individual who is a full-year resident of Minnesota.

(b) The decedent's final income tax return, and other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, must be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns must be filed by the transferees, as defined in section 270C.58, subdivision 3, who receive property of the decedent.

(c) The term "gross income," as it is used in this section, has the same meaning given it in section 290.01, subdivision 20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 3. Minnesota Statutes 2010, section 289A.08, subdivision 7, is amended to read:

Subd. 7. Composite income tax returns for nonresident partners, shareholders, and beneficiaries. (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. ~~A composite estimate may, however, be filed in a manner similar to and containing the information required under paragraph (a).~~ The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.01, subdivision 19a, clauses (6) to (10), and the subtractions provided in: (i) section 290.01, subdivision 19b, clause (8), to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b, clause (13). The subtraction allowed under section 290.01, subdivision 19b, clause (8), is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 4. Minnesota Statutes 2010, section 289A.12, is amended by adding a subdivision to read:

Subd. 17. Third-party payers of sick pay benefits. (a) A third-party payer of sick pay benefits who withholds income tax from the sick pay of an employee as agent for the employer of the employee, and who remits that withholding tax to the commissioner must file an annual report on a form prescribed by the commissioner. The report must include the name and tax identification number of each employer for whom the payer has made sick pay payments and the name, Social Security number, amount of sick pay paid, and amount of tax withheld for each employee.

(b) The report must be filed with the commissioner on or before February 28 of the year following the year in which the sick pay benefits were paid.

(c) The report required by this subdivision does not need to be filed if the third-party payer, rather than the employer, has provided to the employee the annual statement required under section 289A.09, subdivision 2, that includes the sick pay benefits paid and the tax withheld.

EFFECTIVE DATE. This section is effective for benefits paid after December 31, 2010.

Sec. 5. Minnesota Statutes 2010, section 289A.25, subdivision 1, is amended to read:

Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations, and partnerships, the term estimated tax means the amount the taxpayer estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent person, the payments must be made by the individual's guardian. If joint payments on estimated tax are made but a joint return is not made for the taxable year, the estimated tax for that year may be treated as the estimated tax of either the husband or the wife or may be divided between them.

Notwithstanding the provisions of this section, no payments of estimated tax are required if the estimated tax, as defined in this subdivision, less the credits allowed against the tax, is less than \$500.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 6. Minnesota Statutes 2010, section 289A.25, subdivision 6, is amended to read:

Subd. 6. **Exception to addition to tax.** (a) For individuals, no addition to the tax ~~shall be~~ is imposed under this section for any taxable year if:

- (1) the taxpayer did not have liability for tax for the preceding taxable year,
- (2) the preceding taxable year was a taxable year of 12 months, and
- (3) the individual ~~or trust~~ was a resident of Minnesota throughout the preceding taxable year.

(b) For trusts, S corporations, and partnerships, if in any previous taxable year the entity was subject to taxation under chapter 290 or composite income tax is elected under section 289A.08, subdivision 7, then an addition to the tax is imposed under this section. In all other taxable years, no addition to tax is imposed under this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 7. Minnesota Statutes 2010, section 289A.25, is amended by adding a subdivision to read:

Subd. 14. **Short taxable year.** (a) A trust, S corporation, or partnership with a short taxable year of less than 12 months, but at least four months, must pay estimated tax in equal installments on or before the 15th day of the third, sixth, ninth, and final month of the short taxable year, to the extent applicable based on the number of months in the short taxable year.

(b) A trust, S corporation, or partnership is not required to make estimated tax payments for a short taxable year unless its tax liability before the first day of the last month of the taxable year can reasonably be expected to exceed \$500.

(c) No payment is required by a trust, S corporation, or partnership for a short taxable year of less than four months.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 8. Minnesota Statutes 2010, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. **Minimum liability.** A corporation subject to taxation under chapter 290 (excluding section 290.92 and an S corporation under section 290.9725) or an entity subject to taxation under section 290.05, subdivision 3, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations filing one return under section 289A.08, subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 9. Minnesota Statutes 2010, section 290.92, subdivision 26, is amended to read:

Subd. 26. **Extension of withholding to certain payments where identifying number not furnished or inaccurate.** (a) If, in the case of any reportable payment,

(1) the payee fails to furnish the payee's Social Security account number to the payor,
(2) the payee is subject to federal backup withholding on the reportable payment under section 3406 of the Internal Revenue Code, or (3) the commissioner notifies the payor that the Social Security account number furnished by the payee is incorrect, then the payor shall deduct and withhold from the payment a tax equal to the amount of the payment multiplied by the highest rate used in determining the income tax liability of an individual under section 290.06, subdivision 2c.

(b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to any reportable payment made by the payor during the period during which the Social Security account number has not been furnished.

(2) In any case where there is a notification described in clause (a)(3), clause (a) shall apply to any reportable payment made by the payor (i) after the close of the 30th day after the day on which the payor received the notification, and (ii) before the payee furnishes another Social Security account number.

(3)(i) Unless the payor elects not to have this subparagraph apply with respect to the payee, clause (a) shall also apply to any reportable payment made after the close of the period described in paragraph (1) or (2) (as the case may be) and before the 30th day after the close of the period.

(ii) If the payor elects the application of this subparagraph with respect to the payee, clause (a) shall also apply to any reportable payment made during the 30-day period described in paragraph (2).

(iii) The payor may elect a period shorter than the grace period set forth in subparagraph (i) or (ii) as the case may be.

(c) The provisions of section 3406 of the Internal Revenue Code shall apply and shall govern when withholding shall be required and the definition of terms. The term "reportable payment" shall include only those payments for personal services, including payments subject to withholding under subdivision 31. No tax shall be deducted or withheld under this subdivision with respect to any amount for which withholding is otherwise required under this section. For purposes of this section, payments which are subject to withholding under this subdivision shall be treated as if they were wages paid by an employer to an employee and amounts deducted and withheld under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

(d) Whenever the commissioner notifies a payor under this subdivision that the Social Security account number furnished by any payee is incorrect, the commissioner shall at the same time furnish a copy of the notice to the payor, and the payor shall promptly furnish the copy to the payee. If the commissioner notifies a payor under this

subdivision that the Social Security account number furnished by any payee is incorrect and the payee subsequently furnishes another Social Security account number to the payor, the payor shall promptly notify the commissioner of the other Social Security account number furnished.

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

ARTICLE 2

ESTATE TAX

Section 1. Minnesota Statutes 2010, section 289A.18, subdivision 3, is amended to read:

Subd. 3. **Estate tax returns.** An estate tax return must be filed with the commissioner within nine months after the decedent's death. Except in the case of the estate of a decedent dying after December 31, 2009, and before December 17, 2010, then an estate tax return must be filed with the commissioner within nine months after the decedent's death; within the time provided by Minnesota Statutes, section 289A.19, subdivision 4; or before September 20, 2011; whichever is later.

EFFECTIVE DATE. This section is effective for estates of decedents dying after December 31, 2009.

Sec. 2. Minnesota Statutes 2010, section 289A.38, subdivision 5, is amended to read:

Subd. 5. **False or fraudulent return; no return.** Notwithstanding the limitations under ~~subdivisions~~ subdivision 1 and 3, the tax may be assessed at any time if a false or fraudulent return is filed or when a taxpayer fails to file a return.

EFFECTIVE DATE. This section is effective for estates of decedents dying after the day of final enactment.

Sec. 3. Minnesota Statutes 2010, section 291.03, subdivision 1b, is amended to read:

Subd. 1b. **Qualified terminable interest property.** For estates of decedents dying after December 31, 2009, and before January 1, 2011, if ~~no federal estate tax return is filed~~ a federal election under section 301(c) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Public Law 111-312, is made, the executor may make a qualified terminable interest property election, as defined in section 2056(b)(7) of the Internal Revenue Code, for purposes of computing the tax under this chapter. The election may not reduce the taxable estate under this chapter below \$3,500,000. The

election must be made on the tax return under this chapter and is irrevocable. All tax under this chapter must be determined using the qualified terminable interest property election made on the Minnesota return. For purposes of applying sections 2044 and 2207A of the Internal Revenue Code when computing the tax under this chapter for the estate of the decedent's surviving spouse, regardless of the date of death of the surviving spouse, amounts for which a qualified terminable interest property election has been made under this section must be treated as though a valid federal qualified terminable interest property election under section 2056(b)(7) of the Internal Revenue Code has been made.

EFFECTIVE DATE. This section is effective for estates of decedents dying after December 31, 2009.

Sec. 4. **REPEALER.**

Minnesota Statutes 2010, section 289A.38, subdivision 3, is repealed.

EFFECTIVE DATE. This section is effective for estates of decedents dying after the day of final enactment.

ARTICLE 3

PROPERTY TAX

Section 1. Minnesota Statutes 2010, section 270.87, is amended to read:

270.87 CERTIFICATION TO COUNTY ASSESSORS.

After making an annual determination of the equalized fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, the commissioner shall certify the equalized fair market value to the county assessor on or before June 30. The equalized fair market value of the operating property of the railroad company in the county and the taxing districts therein is the value on which taxes must be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein. If the commissioner determines that the equalized fair market value certified on or before June 30 is in error, the commissioner may issue a corrected certification on or before August 31.

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

Sec. 2. Minnesota Statutes 2010, section 272.029, is amended by adding a subdivision to read:

Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the wind energy conversion system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year.

EFFECTIVE DATE. This section is effective beginning with certifications due February 28, 2012.

Sec. 3. Minnesota Statutes 2010, section 273.124, subdivision 8, is amended to read:

Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership.** (a) Each family farm corporation; each joint family farm venture; and each limited liability company or partnership which operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land owned by the family farm corporation, joint family farm venture, limited liability company, or partnership. Homestead treatment applies even if legal title to the property is in the name of the family farm corporation, joint family farm venture, limited liability company, or partnership, and not in the name of the person residing on it.

"Family farm corporation," "family farm," and "partnership operating a family farm" have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed 12. "Limited liability company" has the meaning contained in sections 322B.03, subdivision 28, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among two or more farm enterprises authorized to operate a family farm under section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by family farm corporations, joint family farm ventures, limited liability companies, or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by its shareholders, members, or partners who are actively engaged in farming on behalf of that corporation, joint farm venture, limited liability company, or partnership must also be assessed as class 2a property or as class 1b property under section 273.13.

(c) Agricultural property that is owned by a member, partner, or shareholder of a family farm corporation or joint family farm venture, limited liability company operating

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a family farm, or by a partnership operating a family farm and leased to the family farm corporation, limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually residing on the property, and is actually engaged in farming the land on behalf of that corporation, joint farm venture, limited liability company, or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation, joint family farm venture, limited liability company, or partnership under the lease.

(d) Nonhomestead agricultural property that ~~(1)~~ is owned by a family farm corporation, joint farm venture, limited liability company, or partnership; and ~~(2)~~ ~~is contiguous to a class 2a homestead under section 273.13, subdivision 23, or if noncontiguous, is located in the same township or city, or not farther than four townships or cities, or combination thereof from a class 2a homestead, and the class 2a homestead is owned by one of the shareholders, members, or partners~~ agricultural land that is owned, and used for the purposes of a homestead by an individual who is a shareholder, member, or partner of the corporation, venture, company, or partnership; is entitled to receive the first tier homestead class rate ~~up to the first tier maximum market value~~ on any remaining market value ~~not received on~~ in the first homestead class tier that is in excess of the market value of the shareholder's, member's, or partner's homestead class ~~2a~~ 2 agricultural homestead property; if the owner ~~must notify~~, or someone acting on the owner's behalf notifies the county assessor by July 1 that ~~a portion of the market value~~ the property may be eligible under this ~~subdivision may be eligible for homestead classification~~ paragraph for the current assessment year, for taxes payable in the following year. As used in this paragraph, "agricultural property" means property classified as 2a under section 273.13, along with any contiguous property classified as 2b under section 273.13, if the contiguous 2a and 2b properties are under the same ownership.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2011 and thereafter.

Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate

of 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a net class rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a class rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The

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13.1 commissioner of natural resources shall annually provide county assessors verification
13.2 information on a timely basis. The presence of a minor, ancillary nonresidential structure
13.3 as defined by the commissioner of revenue does not disqualify the property from
13.4 classification under this paragraph.

13.5 (e) Agricultural land as used in this section means contiguous acreage of which:

13.6 (1) of ten acres or more, are used during the preceding year for agricultural
13.7 purposes; or

13.8 (2) less than ten acres are used for an intensive livestock confinement operation, but
13.9 land used only for pasturing or grazing does not qualify under this clause.

13.10 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
13.11 storage of agricultural products for sale, or the storage of machinery or equipment used in
13.12 support of agricultural production by the same farm entity. For a property to be classified
13.13 as agricultural based only on the drying or storage of agricultural products, the products
13.14 being dried or stored must have been produced by the same farm entity as the entity
13.15 operating the drying or storage facility. "Agricultural purposes" also includes enrollment
13.16 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal
13.17 Conservation Reserve Program as contained in Public Law 99-198 or a similar state
13.18 or federal conservation program if the property was classified as agricultural (i) under
13.19 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.
13.20 Agricultural classification shall not be based upon the market value of any residential
13.21 structures on the ~~parcel or contiguous parcels under the same ownership~~ tract.

13.22 (f) ~~Real estate of less than ten acres, which is~~ Agricultural land under this section
13.23 also includes:

13.24 (1) any tract that is less than ten acres in size, and does not contain a residence, if
13.25 the tract is used exclusively or intensively used for raising or cultivating agricultural
13.26 products, shall be considered as agricultural land. To qualify under this paragraph,
13.27 property that includes a residential structure must be used intensively for one of the
13.28 following purposes; or

13.29 (2) any tract that contains a residence if, after excluding the house, garage, and one
13.30 acre of surrounding land, the tract is less than ten acres in size and the portion excluding
13.31 the house, garage, and surrounding one acre is used for intensive agriculture as described
13.32 in and limited by items (i) to (iii):

13.33 (i) for drying or storage of grain or storage of machinery or equipment used to
13.34 support agricultural activities on other ~~parcels~~ tracts of property operated by the same
13.35 farming entity;

(ii) as a nursery, provided that only those acres used to produce nursery stock are considered agricultural land; or

~~(iii) for livestock or poultry confinement, provided that land that is used only for pasturing and grazing does not qualify; or~~

~~(iv)~~ (iii) for market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses, which may include related horse training and riding instruction, if the boarding is done on property that is also used for raising pasture to graze horses or raising or cultivating other agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

- 15.1 (1) wholesale and retail sales;
- 15.2 (2) processing of raw agricultural products or other goods;
- 15.3 (3) warehousing or storage of processed goods; and
- 15.4 (4) office facilities for the support of the activities enumerated in clauses (1), (2),
- 15.5 and (3),

15.6 the assessor shall classify the part of the parcel used for agricultural purposes as class
15.7 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
15.8 use. The grading, sorting, and packaging of raw agricultural products for first sale is
15.9 considered an agricultural purpose. A greenhouse or other building where horticultural
15.10 or nursery products are grown that is also used for the conduct of retail sales must be
15.11 classified as agricultural if it is primarily used for the growing of horticultural or nursery
15.12 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
15.13 those products. Use of a greenhouse or building only for the display of already grown
15.14 horticultural or nursery products does not qualify as an agricultural purpose.

15.15 (k) The assessor shall determine and list separately on the records the market value
15.16 of the homestead dwelling and the one acre of land on which that dwelling is located. If
15.17 any farm buildings or structures are located on this homesteaded acre of land, their market
15.18 value shall not be included in this separate determination.

15.19 (l) Class 2d airport landing area consists of a landing area or public access area of
15.20 a privately owned public use airport. It has a class rate of one percent of market value.
15.21 To qualify for classification under this paragraph, a privately owned public use airport
15.22 must be licensed as a public airport under section 360.018. For purposes of this paragraph,
15.23 "landing area" means that part of a privately owned public use airport properly cleared,
15.24 regularly maintained, and made available to the public for use by aircraft and includes
15.25 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.
15.26 A landing area also includes land underlying both the primary surface and the approach
15.27 surfaces that comply with all of the following:

- 15.28 (i) the land is properly cleared and regularly maintained for the primary purposes of
- 15.29 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains
- 15.30 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;
- 15.31 (ii) the land is part of the airport property; and
- 15.32 (iii) the land is not used for commercial or residential purposes.

15.33 The land contained in a landing area under this paragraph must be described and certified
15.34 by the commissioner of transportation. The certification is effective until it is modified,
15.35 or until the airport or landing area no longer meets the requirements of this paragraph.
15.36 For purposes of this paragraph, "public access area" means property used as an aircraft

16.1 parking ramp, apron, or storage hangar, or an arrival and departure building in connection
16.2 with the airport.

16.3 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
16.4 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
16.5 located in a county that has elected to opt-out of the aggregate preservation program as
16.6 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market
16.7 value. To qualify for classification under this paragraph, the property must be at least
16.8 ten contiguous acres in size and the owner of the property must record with the county
16.9 recorder of the county in which the property is located an affidavit containing:

16.10 (1) a legal description of the property;

16.11 (2) a disclosure that the property contains a commercial aggregate deposit that is not
16.12 actively being mined but is present on the entire parcel enrolled;

16.13 (3) documentation that the conditional use under the county or local zoning
16.14 ordinance of this property is for mining; and

16.15 (4) documentation that a permit has been issued by the local unit of government
16.16 or the mining activity is allowed under local ordinance. The disclosure must include a
16.17 statement from a registered professional geologist, engineer, or soil scientist delineating
16.18 the deposit and certifying that it is a commercial aggregate deposit.

16.19 For purposes of this section and section 273.1115, "commercial aggregate deposit"
16.20 means a deposit that will yield crushed stone or sand and gravel that is suitable for use
16.21 as a construction aggregate; and "actively mined" means the removal of top soil and
16.22 overburden in preparation for excavation or excavation of a commercial deposit.

16.23 (n) When any portion of the property under this subdivision or subdivision 22 begins
16.24 to be actively mined, the owner must file a supplemental affidavit within 60 days from
16.25 the day any aggregate is removed stating the number of acres of the property that is
16.26 actively being mined. The acres actively being mined must be (1) valued and classified
16.27 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
16.28 aggregate resource preservation property tax program under section 273.1115, if the
16.29 land was enrolled in that program. Copies of the original affidavit and all supplemental
16.30 affidavits must be filed with the county assessor, the local zoning administrator, and the
16.31 Department of Natural Resources, Division of Land and Minerals. A supplemental
16.32 affidavit must be filed each time a subsequent portion of the property is actively mined,
16.33 provided that the minimum acreage change is five acres, even if the actual mining activity
16.34 constitutes less than five acres.

(o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

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

Sec. 5. Minnesota Statutes 2010, section 273.33, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the natural gas or other petroleum products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1.

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

Sec. 6. Minnesota Statutes 2010, section 273.37, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated and the values provided to the city or county assessor by order.

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The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before August 1, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property. If the commissioner determines that the amount of the assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1.

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

Sec. 7. Minnesota Statutes 2010, section 273.3711, is amended to read:

273.3711 RECOMMENDED AND ORDERED VALUES.

For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all values not required to be listed and assessed by the commissioner of revenue are recommended values. If the commissioner provides recommended values, the values must be certified to the auditor of each county in which the property is located on or before August 1. If the commissioner determines that the certified recommended value is in error the commissioner may issue a corrected certification on or before October 1.

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

Sec. 8. Minnesota Statutes 2010, section 274.175, is amended to read:

274.175 VALUES FINALIZED.

The assessments recorded by the county assessor and the county auditor under sections 273.124, subdivision 9; 274.16; 274.17; or other law for real and personal property are final on July 1 of the assessment year, except for property added to the assessment rolls under section 272.02, subdivision 38, and assessments certified to the auditor under sections 270.87; 273.33, subdivision 2, and; 273.37, subdivision 2; and 273.3711 or deleted because of tax forfeiture pursuant to chapter 281. No changes in value may be made after July 1 of the assessment year, except for corrections permitted in sections 273.01 and 274.01, or assessments certified to the auditor under sections 270.87; 273.33, subdivision 2, and; 273.37, subdivision 2; and 273.3711.

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

ARTICLE 4

SALES AND USE TAX

Section 1. Minnesota Statutes 2010, section 289A.60, subdivision 31, is amended to read:

Subd. 31. **Accelerated payment of monthly sales tax liability; penalty for underpayment.** For payments made after September 1, 2010, if a vendor is required by section 289A.20, subdivision 4, paragraph (a), clause (2), item (i) or (ii), to make accelerated payments, then the penalty for underpayment is as follows:

(a) For those vendors that must remit a 90 percent payment by the 14th day of the month following the month in which the taxable event occurred, as an estimation of the monthly sales tax ~~liabilities~~ liability, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 14th day of the month, less the amount remitted by the 14th day of the month. The penalty must not be imposed, however, if the amount remitted by the 14th day of the month equals the least of: (1) 90 percent of the liability for the month preceding the month in which the taxable event occurred; (2) 90 percent of the liability for the same month in the previous calendar year as the month in which the taxable event occurred; or (3) 90 percent of the average monthly liability for the previous calendar year.

(b) For those vendors that, on or before the 20th day of the month in which the taxable event occurs, must remit to the commissioner a prepayment of the sales tax ~~liabilities~~ liability for the month in which the taxable event occurs equal to 67 percent of the ~~liabilities~~ liability for the previous month, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 20th of the month, less the amount remitted by the 20th of the month. The penalty must not be imposed, however, if the amount remitted by the 20th of the month equals the lesser of ~~67 percent of the liability for the month preceding the month in which the taxable event occurred~~ or: (1) 67 percent of the liability of the same month in the previous calendar year as the month in which the taxable event occurred; or (2) an amount equal to the liability for the month in which the taxable event occurred.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

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Sec. 2. Minnesota Statutes 2010, section 297A.62, is amended by adding a subdivision to read:

Subd. 5. **Transitional period for services.** When there is a change in the rate of tax imposed by this section, the following transitional period shall apply to the retail sale of services covering a billing period starting before and ending after the statutory effective date of the rate change:

(1) for a rate increase, the new rate shall apply to the first billing period starting on or after the effective date; and

(2) for a rate decrease, the new rate shall apply to bills rendered on or after the effective date.

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

Sec. 3. Minnesota Statutes 2010, section 297A.63, is amended by adding a subdivision to read:

Subd. 3. **Transitional period for services.** When there is a change in the rate of tax imposed by this section, the following transitional period shall apply to the taxable services purchased for use, storage, distribution, or consumption in this state when the service purchased covers a billing period starting before and ending after the statutory effective date of the rate change:

(1) for a rate increase, the new rate shall apply to the first billing period starting on or after the effective date; and

(2) for a rate decrease, the new rate shall apply to bills rendered on or after the effective date.

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

Sec. 4. Minnesota Statutes 2010, section 297A.668, subdivision 7, is amended to read:

Subd. 7. **Advertising and promotional direct mail.** (a) Notwithstanding other subdivisions of this section, the provisions in paragraphs (b) to (e) apply to the sale of advertising and promotional direct mail. "Advertising and promotional direct mail" means printed material that is direct mail as defined in section 297A.61, subdivision 35, the primary purpose of which is to attract public attention to a product, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a person, business, organization, or product. "Product" includes tangible personal property, a digital product transferred electronically, or a service.

~~(b) A purchaser of advertising and promotional direct mail that is not a holder of a direct pay permit shall provide to the seller, in conjunction with the purchase, either a direct mail form or~~ may provide the seller with either:

(1) a fully completed exemption certificate as described in section 297A.72 indicating that the purchaser is authorized to pay any sales or use tax due on purchases made by the purchaser directly to the commissioner under section 297A.89;

(2) a fully completed exemption certificate claiming an exemption for direct mail; or

(3) information to show showing the jurisdictions to which the advertising and promotional direct mail is to be delivered to recipients.

~~(1) Upon receipt of the direct mail form,~~ (c) In the absence of bad faith, if the purchaser provides one of the exemption certificates indicated in paragraph (b), clauses (1) and (2), the seller is relieved of all obligations to collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the applicable tax on a direct pay basis. A direct mail form remains in effect for all future sales of direct mail by the seller to the purchaser until it is revoked in writing. tax on any transaction involving advertising and promotional direct mail to which the certificate applies. The purchaser shall source the sale to the jurisdictions to which the advertising and promotional direct mail is to be delivered to the recipients of the mail, and shall report and pay any applicable tax due.

~~(2) Upon receipt of~~ (d) If the purchaser provides the seller information from the purchaser showing the jurisdictions to which the advertising and promotional direct mail is to be delivered to recipients, the seller shall source the sale to the jurisdictions to which the advertising and promotional direct mail is to be delivered and shall collect and remit the applicable tax according to the delivery information provided by the purchaser. In the absence of bad faith, the seller is relieved of any further obligation to collect any additional tax on any transaction for which the sale of advertising and promotional direct mail where the seller has collected tax pursuant sourced the sale according to the delivery information provided by the purchaser.

~~(b) (e) If the purchaser of direct mail does not have a direct pay permit and does not provide the seller with either a direct mail form or delivery information, as required by paragraph (a), the seller shall collect the tax according to any of the items listed in paragraph (b), the sale shall be sourced under subdivision 2, paragraph (f). Nothing in this paragraph limits a purchaser's obligation for sales or use tax to any state to which the direct mail is delivered.~~

~~(c) If a purchaser of direct mail provides the seller with documentation of direct pay authority, the purchaser is not required to provide a direct mail form or delivery information to the seller.~~

(f) This subdivision does not apply to printed materials that result from developing billing information or providing any data processing service that is more than incidental to producing the printed materials, regardless of whether advertising and promotional direct mail is included in the same mailing.

(g) If a transaction is a bundled transaction that includes advertising and promotional direct mail, this subdivision applies only if the primary purpose of the transaction is the sale of products or services that meet the definition of advertising and promotional direct mail.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 5. Minnesota Statutes 2010, section 297A.668, is amended by adding a subdivision to read:

Subd. 7a. **Other direct mail.** (a) Notwithstanding other subdivisions of this section, the provisions in paragraphs (b) and (c) apply to the sale of other direct mail. "Other direct mail" means printed material that is direct mail as defined in section 297A.61, subdivision 35, but is not advertising and promotional direct mail as described in subdivision 7, regardless of whether advertising and promotional direct mail is included in the same mailing. Other direct mail includes, but is not limited to:

(1) direct mail pertaining to a transaction between the purchaser and addressee, where the mail contains personal information specific to the addressee including, but not limited to, invoices, bills, statements of account, and payroll advices;

(2) any legally required mailings including, but not limited to, privacy notices, tax reports, and stockholder reports; and

(3) other nonpromotional direct mail delivered to existing or former shareholders, customers, employees, or agents including, but not limited to, newsletters and informational pieces.

Other direct mail does not include printed materials that result from developing billing information or providing any data processing service that is more than incidental to producing the other direct mail.

(b) A purchaser of other direct mail may provide the seller with either a fully completed exemption certificate as described in section 297A.72 indicating that the purchaser is authorized to pay any sales or use tax due on purchases made by the purchaser directly to the commissioner under section 297A.89, or a fully completed exemption certificate claiming an exemption for direct mail. If the purchaser provides one of the exemption certificates listed, then the seller, in the absence of bad faith, is relieved of all obligations to collect, pay, or remit the tax on any transaction involving other direct mail

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to which the certificate applies. The purchaser shall source the sale to the jurisdictions to which the other direct mail is to be delivered to the recipients of the mail, and shall report and pay any applicable tax due.

(c) If the purchaser does not provide the seller with a fully completed exemption certificate claiming either exemption listed in paragraph (b), the sale shall be sourced according to subdivision 2, paragraph (d).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 6. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article 8, section 24, is amended to read:

Sec. 31. AUTHORITY FOR TAXATION.

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than three percent, on the gross receipts from the furnishing for consideration of lodging and related services at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging and related services by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 2010, section 69.031, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or to the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an

amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) The amount of state aid due and not paid by October 1 accrues interest at the rate of one percent for each month or part of a month the amount remains unpaid, ~~beginning the preceding July 1~~ after October 1.

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

Sec. 2. **[270C.101] APPLICATION FOR BUSINESS REGISTRATION;
CERTAIN INFORMATION NOT REQUIRED.**

Notwithstanding any law to the contrary, an entity applying for a Minnesota business tax account number is not required to list the names, home addresses, and Social Security numbers of its officers or directors when the entity applying for an account number is an instrumentality of a state, a local, or the federal government, or a tribal government.

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

Sec. 3. **[270C.301] ROUNDING OF DOLLAR AMOUNTS REPORTED ON
TAX FORMS.**

Where not otherwise provided by law, in computing the dollar amount of items reported on any return or other document, and accompanying schedules, filed with the commissioner, money items may, in the discretion of the commissioner, be rounded off to the nearest whole dollar amount, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

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

Sec. 4. Minnesota Statutes 2010, section 270C.32, subdivision 3, is amended to read:

Subd. 3. **Third-party subpoena where taxpayer's identity is known.** (a) An examination or investigation may extend to a person that the commissioner determines has access to information that may be relevant to the examination or investigation. When a subpoena requiring the production of records as described in subdivision 1 is served on a third-party record keeper, written notice of the subpoena must be mailed to the taxpayer and to any other person who is identified in the subpoena. The notices must be given within three days of the day on which the subpoena is served. The notice required by this subdivision is sufficient if it is mailed to the last known address of the addressee.

(b) The provisions of this subdivision regarding notice to the taxpayer or other parties identified in the subpoena do not apply if there is reasonable cause to believe

that the giving of notice may lead to attempts to conceal, destroy, or alter records or assets relevant to the examination, to prevent the communication of information from other persons through intimidation, bribery, or collusion, or to flee to avoid prosecution, testifying, or production of records. Notice is not required under this subdivision or under another law if the taxpayer or other parties identified in the subpoena are under criminal investigation, and the subpoena has been issued as part of the criminal investigation.

(c) A third-party record keeper who is advised that a subpoena has been issued as part of a criminal investigation is prohibited from informing by any means the taxpayer or other parties identified in the subpoena of the receipt of the subpoena, the contents of the subpoena, or the fact that the taxpayer or other parties identified may be or are under criminal investigation.

EFFECTIVE DATE. This section is effective for subpoenas served after the day following final enactment.

Sec. 5. Minnesota Statutes 2010, section 270C.32, is amended by adding a subdivision to read:

Subd. 11. **Service of subpoenas.** A subpoena authorized by this section may be served by mail or delivery.

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

Sec. 6. Minnesota Statutes 2010, section 270C.64, is amended to read:

270C.64 CREDIT OF OVERPAYMENT OR PAYMENT TO DELINQUENT TAX LIABILITIES.

Notwithstanding any other provision of law to the contrary, in the case of an overpayment of any tax collected by the commissioner, or any refund, credit, claim, or other payment payable by the commissioner to any person under a law administered by the commissioner, the commissioner may credit the amount of such overpayment or payment against any uncontested delinquent tax liability on the part of the ~~taxpayer~~ person who ~~made~~ is entitled to the overpayment or payment. An overpayment or payment may be credited under this section only if the uncontested delinquent liability has been assessed within ten years of the date on which the overpayment or payment is credited. However, this limitation shall not be applicable if the delinquent liability has been entered into judgment or if legal action is pending for collection of the liability or for renewal of the judgment. An amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which such amount was paid.

26.1 **EFFECTIVE DATE.** This section is effective for liabilities becoming delinquent
26.2 after the day of final enactment.

26.3 Sec. 7. Minnesota Statutes 2010, section 270C.7101, subdivision 2, is amended to read:

26.4 Subd. 2. **Notice of sale.** The commissioner shall as soon as practicable after the
26.5 seizure of the property give notice of sale of the property to the owner, in the manner of
26.6 service prescribed in subdivision 1. In the case of personal property, the notice shall be
26.7 served at least ten days prior to the sale. In the case of real property, the notice shall be
26.8 served at least four weeks prior to the sale. The commissioner shall also cause public
26.9 notice of each sale to be made. In the case of personal property, notice shall be posted
26.10 at least ten days prior to the sale ~~at the county courthouse for the county where the~~
26.11 ~~seizure is made, and in not less than two other~~ in not less than three public places. For
26.12 purposes of this requirement, the Internet is a public place for posting the information. In
26.13 the case of real property, six weeks' published notice shall be given prior to the sale, in a
26.14 newspaper published or generally circulated in the county. The notice of sale provided
26.15 in this subdivision shall specify the property to be sold, and the time, place, manner,
26.16 and conditions of the sale. Whenever levy is made without regard to the 30-day period
26.17 provided in section 270C.67, subdivision 3, public notice of sale of the property seized
26.18 shall not be made within the 30-day period unless section 270C.7102 (relating to sale of
26.19 perishable goods) is applicable.

26.20 **EFFECTIVE DATE.** This section is effective for seizures begun on or after the
26.21 day following final enactment.

26.22 Sec. 8. Minnesota Statutes 2010, section 270C.711, is amended to read:

26.23 **270C.711 ACQUISITION AND RESALE OF SEIZED PROPERTY.**

26.24 For the purpose of enabling the commissioner to purchase or redeem seized property
26.25 in which the state of Minnesota has an interest arising from a lien for unpaid taxes, or
26.26 to provide for the operating costs of collection activities of the department, there is
26.27 appropriated to the commissioner an amount representing the cost of such purchases,
26.28 redemptions, or collection activities. Seized property acquired by the state of Minnesota
26.29 to satisfy unpaid taxes shall be resold by the commissioner. The commissioner shall
26.30 preserve the value of seized property while controlling it, including but not limited to
26.31 the procurement of insurance. For the purpose of refunding the proceeds from the sale
26.32 of levied or redeemed property which are in excess of the actual tax liability plus costs
26.33 of acquiring the property, there is hereby created a levied and redeemed property refund

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account in the agency fund. All amounts deposited into this account are appropriated to the commissioner. The commissioner shall report ~~quarterly~~ annually on the status of this program to the chairs and ranking minority members of the house of representatives ~~taxes and Ways and Means Committees and senate Taxes and Tax Laws and Finance Committees~~ legislative committees having jurisdiction over taxes and finance of the house of representatives and senate.

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

Sec. 9. Minnesota Statutes 2010, section 287.05, subdivision 2, is amended to read:

Subd. 2. **Supplemental mortgages.** (a) Except for an amendment or a revision to a reverse mortgage as described under subdivision 6, any document that alters an existing taxable mortgage by providing for an increase in the amount of debt secured by real property located in this state, or, in the case of a multistate mortgage described in subdivision 1, paragraph (b), an increase in the percentage of Minnesota real estate as compared to the total real estate that is encumbered by the mortgage, shall be taxed based upon the increase in the amount of the debt determined to be secured by real property located in this state under either subdivision 1 or 1a.

(b) A document that alters an existing taxable mortgage to secure the repayment of a loan principal amount that was (i) advanced to the debtor, (ii) repaid by the debtor, and (iii) then returned or readvanced to the debtor, is taxable on the new amounts advanced, and secured by real property in this state even if the maximum principal debt previously secured by the mortgage is not exceeded.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2010, sections 290.06, subdivision 10; and 290A.27, are repealed.

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

APPENDIX
Article locations in 11-2205

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