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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2107**

02/25/2014 Authored by Lenczewski

The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

1.1 relating to taxation; eliminating obsolete provisions; making clarifying and minor  
1.2 policy changes; amending Minnesota Statutes 2012, sections 84A.20, subdivision  
1.3 2; 84A.31, subdivision 2; 127A.48, subdivision 8; 163.06, subdivision 1;  
1.4 270B.14, subdivision 3; 272.027, subdivision 1; 272.029, subdivision 6; 279.03,  
1.5 subdivisions 1, 1a, 2; 282.261, subdivision 2; 290.01, subdivisions 5, 29;  
1.6 290.0922, subdivision 3; 290.191, subdivisions 2, 3; 297I.05, subdivision 14;  
1.7 298.293; 298.75, subdivision 1, by adding a subdivision; 469.176, subdivisions  
1.8 1b, 3; 473.665, subdivision 5; Minnesota Statutes 2013 Supplement, sections  
1.9 273.032; 273.13, subdivision 23; 273.1398, subdivision 3; 275.70, subdivision 5;  
1.10 279.37, subdivision 2; 290.0921, subdivision 3; 297A.75, subdivisions 1, 2, 3;  
1.11 298.223, subdivision 1; 465.04; 469.1763, subdivision 2; repealing Minnesota  
1.12 Statutes 2012, sections 127A.48, subdivision 7; 272.02, subdivisions 43, 48, 51,  
1.13 53, 67, 72, 82; 272.027, subdivision 2; 273.075; 273.1115; 273.1383; 273.1386;  
1.14 273.1398, subdivision 4b; 273.80; 275.77; 279.32; 281.328; 282.10; 282.23;  
1.15 289A.56, subdivision 7; 290.06, subdivisions 27, 30, 31; 290.191, subdivision  
1.16 4; 290C.06; 291.41; 291.42; 291.43; 291.44; 291.45; 291.46; 291.47; 297A.68,  
1.17 subdivision 38; 297A.69, subdivision 7; 297A.70, subdivision 9; 297A.71,  
1.18 subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 298.2961, subdivision 7; 298.75,  
1.19 subdivisions 9, 11; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176,  
1.20 subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332;  
1.21 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340,  
1.22 subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173;  
1.23 Minnesota Statutes 2013 Supplement, sections 273.1103; 298.2961, subdivision  
1.24 5; Laws 1993, chapter 375, article 9, section 47.

1.25  
1.26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.27 Section 1. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

1.28 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county  
1.29 commissioners of any county may by resolution propose to the state that one or more  
1.30 areas in the county be taken over by the state for afforestation, reforestation, flood control  
1.31 projects, or other state purposes. The projects are to be managed, controlled, and used for  
1.32 the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set

2.1 forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1) the county~~  
 2.2 ~~contains lands suitable for the purposes in subdivision 1, (2) on January 1, 1931, the taxes~~  
 2.3 ~~on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1,~~  
 2.4 ~~1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds~~  
 2.5 ~~nine percent of the assessed valuation of the county, exclusive of money and credits.~~

2.6 The area taken over must include lands that have been assessed for all or part of  
 2.7 the cost of the establishment and construction of public drainage ditches under state law,  
 2.8 and on which the assessments or installments are delinquent. A certified copy of the  
 2.9 county board's resolution must be filed with the department and considered and acted  
 2.10 upon by the department. If approved by the department, it must then be submitted to,  
 2.11 considered, and acted upon by the executive council. If approved by the Executive  
 2.12 Council, the proposition must be formally accepted by the governor. Acceptance must be  
 2.13 communicated in writing to and filed with the county auditor.

2.14 Sec. 2. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

2.15 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county  
 2.16 commissioners of any county may by resolution propose that the state take over part of the  
 2.17 tax-delinquent lands in the county. ~~The board may propose this, if:~~

2.18 ~~(1) the county contains land suitable for the purposes in subdivision 1;~~

2.19 ~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands~~  
 2.20 ~~in a town in the county are delinquent, as shown by its tax books;~~

2.21 ~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the~~  
 2.22 ~~acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

2.23 ~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or~~  
 2.24 ~~exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota~~  
 2.25 ~~Tax Commission, exclusive of money and credits.~~

2.26 Sec. 3. Minnesota Statutes 2012, section 127A.48, subdivision 8, is amended to read:

2.27 Subd. 8. **Decrease in iron ore net tax capacity.** If in any year the net tax capacity  
 2.28 of iron ore property, as defined in section 273.13, subdivision 31, in any district is less than  
 2.29 the net tax capacity of such property in the preceding year, the commissioner of revenue  
 2.30 shall redetermine for all purposes the adjusted net tax capacity of the preceding year  
 2.31 taking into account only the decrease in net tax capacity of iron ore property as defined in  
 2.32 section 273.13, subdivision 31. ~~If subdivision 7, clause (1), is applicable to the district, the~~  
 2.33 ~~decrease in iron ore property shall be applied to the adjusted net tax capacity as limited~~  
 2.34 ~~therein. In all other respects, the provisions of clause (1) shall apply.~~

3.1 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2015.

3.2 Sec. 4. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

3.3 Subdivision 1. **Levy.** The county board of any county in which there are unorganized  
3.4 townships may levy a tax for road and bridge purposes upon all the real and personal  
3.5 property in such unorganized townships, ~~exclusive of money and credits taxed under the~~  
3.6 ~~provisions of chapter 285.~~

3.7 Sec. 5. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

3.8 Subd. 3. **Administration of enterprise, and job opportunity, and biotechnology**  
3.9 **and health sciences industry zone programs.** The commissioner may disclose return  
3.10 information relating to the taxes imposed by chapters 290 and 297A to the Department of  
3.11 Employment and Economic Development or a municipality with a border city enterprise  
3.12 zone as defined under section 469.166, but only as necessary to administer the funding  
3.13 limitations under section 469.169, or to the Department of Employment and Economic  
3.14 Development and appropriate officials from the local government units in which a  
3.15 qualified business is located but only as necessary to enforce the job opportunity building  
3.16 zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone~~  
3.17 ~~benefits under section 469.336.~~

3.18 Sec. 6. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

3.19 Subdivision 1. **Electricity generated to produce goods and services.** Personal  
3.20 property used to generate electric power is exempt from property taxation if the electric  
3.21 power is used to manufacture or produce goods, products, or services, other than electric  
3.22 power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2~~  
3.23 ~~and 3,~~ The exemption does not apply to property used to produce electric power for sale  
3.24 to others and does not apply to real property. In determining the value subject to tax,  
3.25 a proportionate share of the value of the generating facilities, equal to the proportion  
3.26 that the power sold to others bears to the total generation of the plant, is subject to the  
3.27 general property tax in the same manner as other property. Power generated in such a  
3.28 plant and exchanged for an equivalent amount of power that is used for the manufacture or  
3.29 production of goods, products, or services other than electric power by the owner of the  
3.30 generating plant is considered to be used by the owner of the plant.

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

3.32 Sec. 7. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

4.1 Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under  
 4.2 subdivision 5 must be part of the settlement between the county treasurer and the county  
 4.3 auditor under section 276.09. The revenue must be distributed by the county auditor or the  
 4.4 county treasurer to local taxing jurisdictions in which the wind energy conversion system  
 4.5 is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20~~  
 4.6 ~~percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent~~  
 4.7 ~~to counties; 14 percent to cities and townships; and six percent to school districts.~~

4.8 Sec. 8. Minnesota Statutes 2013 Supplement, section 273.032, is amended to read:

4.9 **273.032 MARKET VALUE DEFINITION.**

4.10 (a) Unless otherwise provided, for the purpose of determining any property tax  
 4.11 levy limitation based on market value or any limit on net debt, the issuance of bonds,  
 4.12 certificates of indebtedness, or capital notes based on market value, any qualification to  
 4.13 receive state aid based on market value, or any state aid amount based on market value,  
 4.14 the terms "market value," "estimated market value," and "market valuation," whether  
 4.15 equalized or unequalized, mean the estimated market value of taxable property within the  
 4.16 local unit of government before any of the following or similar adjustments for:

4.17 (1) the market value exclusions under:

4.18 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

4.19 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

4.20 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business  
 4.21 properties);

4.22 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

4.23 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

4.24 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family  
 4.25 caregiver);

4.26 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

4.27 (2) the deferment of value under:

4.28 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

4.29 ~~(ii) the Aggregate Resource Preservation Law, section 273.1115;~~

4.30 ~~(iii)~~ (ii) the Minnesota Open Space Property Tax Law, section 273.112;

4.31 ~~(iv)~~ (iii) the rural preserves property tax program, section 273.114; or

4.32 ~~(v)~~ (iv) the Metropolitan Agricultural Preserves Act, section 473H.10; or

4.33 (3) the adjustments to tax capacity for:

4.34 (i) tax increment financing under sections 469.174 to 469.1794;

4.35 (ii) fiscal disparities under chapter 276A or 473F; or

5.1 (iii) powerline credit under section 273.425.

5.2 (b) Estimated market value under paragraph (a) also includes the market value  
5.3 of tax-exempt property if the applicable law specifically provides that the limitation,  
5.4 qualification, or aid calculation includes tax-exempt property.

5.5 (c) Unless otherwise provided, "market value," "estimated market value," and  
5.6 "market valuation" for purposes of property tax levy limitations and calculation of state  
5.7 aid, refer to the estimated market value for the previous assessment year and for purposes  
5.8 of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes  
5.9 refer to the estimated market value as last finally equalized.

5.10 (d) For purposes of a provision of a home rule charter or of any special law that is not  
5.11 codified in the statutes and that imposes a levy limitation based on market value or any limit  
5.12 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
5.13 value, the terms "market value," "taxable market value," and "market valuation," whether  
5.14 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

5.15 Sec. 9. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is  
5.16 amended to read:

5.17 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
5.18 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
5.19 the class 2a land under the same ownership. The market value of the house and garage  
5.20 and immediately surrounding one acre of land has the same class rates as class 1a or 1b  
5.21 property under subdivision 22. The value of the remaining land including improvements  
5.22 up to the first tier valuation limit of agricultural homestead property has a net class rate  
5.23 of 0.5 percent of market value. The remaining property over the first tier has a class rate  
5.24 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
5.25 limit of agricultural homestead property" and "first tier" means the limit certified under  
5.26 section 273.11, subdivision 23.

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

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

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

6.13 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
6.14 acres statewide per taxpayer that is being managed under a forest management plan that  
6.15 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest  
6.16 resource management incentive program. It has a class rate of .65 percent, provided that  
6.17 the owner of the property must apply to the assessor in order for the property to initially  
6.18 qualify for the reduced rate and provide the information required by the assessor to verify  
6.19 that the property qualifies for the reduced rate. If the assessor receives the application  
6.20 and information before May 1 in an assessment year, the property qualifies beginning  
6.21 with that assessment year. If the assessor receives the application and information after  
6.22 April 30 in an assessment year, the property may not qualify until the next assessment  
6.23 year. The commissioner of natural resources must concur that the land is qualified. The  
6.24 commissioner of natural resources shall annually provide county assessors verification  
6.25 information on a timely basis. The presence of a minor, ancillary nonresidential structure  
6.26 as defined by the commissioner of revenue does not disqualify the property from  
6.27 classification under this paragraph.

6.28 (e) Agricultural land as used in this section means:

6.29 (1) contiguous acreage of ten acres or more, used during the preceding year for  
6.30 agricultural purposes; or

6.31 (2) contiguous acreage used during the preceding year for an intensive livestock or  
6.32 poultry confinement operation, provided that land used only for pasturing or grazing  
6.33 does not qualify under this clause.

6.34 "Agricultural purposes" as used in this section means the raising, cultivation, drying,  
6.35 or storage of agricultural products for sale, or the storage of machinery or equipment  
6.36 used in support of agricultural production by the same farm entity. For a property to be

7.1 classified as agricultural based only on the drying or storage of agricultural products,  
7.2 the products being dried or stored must have been produced by the same farm entity as  
7.3 the entity operating the drying or storage facility. "Agricultural purposes" also includes  
7.4 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535  
7.5 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a  
7.6 similar state or federal conservation program if the property was classified as agricultural  
7.7 (i) under this subdivision for taxes payable in 2003 because of its enrollment in a  
7.8 qualifying program and the land remains enrolled or (ii) in the year prior to its enrollment.  
7.9 Agricultural classification shall not be based upon the market value of any residential  
7.10 structures on the parcel or contiguous parcels under the same ownership.

7.11 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
7.12 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
7.13 of, a set of contiguous tax parcels under that section that are owned by the same person.

7.14 (f) Agricultural land under this section also includes:

7.15 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
7.16 preceding year for raising or cultivating agricultural products; or

7.17 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if  
7.18 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land  
7.19 was used in the preceding year for one or more of the following three uses:

7.20 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
7.21 equipment storage activities used to support agricultural activities on other parcels of  
7.22 property operated by the same farming entity;

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

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

7.29 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
7.30 described in section 272.193, or all of a set of contiguous tax parcels under that section  
7.31 that are owned by the same person.

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

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

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

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

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

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

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

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

8.16 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under  
8.17 section 97A.105, provided that the annual licensing report to the Department of Natural  
8.18 Resources, which must be submitted annually by March 30 to the assessor, indicates  
8.19 that at least 500 birds were raised or used for breeding stock on the property during the  
8.20 preceding year and that the owner provides a copy of the owner's most recent schedule F;  
8.21 or (ii) for use on a shooting preserve licensed under section 97A.115;

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

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

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

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

8.29 (1) wholesale and retail sales;

8.30 (2) processing of raw agricultural products or other goods;

8.31 (3) warehousing or storage of processed goods; and

8.32 (4) office facilities for the support of the activities enumerated in clauses (1), (2),  
8.33 and (3),

8.34 the assessor shall classify the part of the parcel used for agricultural purposes as class  
8.35 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
8.36 use. The grading, sorting, and packaging of raw agricultural products for first sale is

9.1 considered an agricultural purpose. A greenhouse or other building where horticultural  
 9.2 or nursery products are grown that is also used for the conduct of retail sales must be  
 9.3 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
 9.4 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
 9.5 those products. Use of a greenhouse or building only for the display of already grown  
 9.6 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

9.20 (i) the land is properly cleared and regularly maintained for the primary purposes of  
 9.21 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains  
 9.22 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

9.23 (ii) the land is part of the airport property; and

9.24 (iii) the land is not used for commercial or residential purposes.

9.25 The land contained in a landing area under this paragraph must be described and certified  
 9.26 by the commissioner of transportation. The certification is effective until it is modified,  
 9.27 or until the airport or landing area no longer meets the requirements of this paragraph.  
 9.28 For purposes of this paragraph, "public access area" means property used as an aircraft  
 9.29 parking ramp, apron, or storage hangar, or an arrival and departure building in connection  
 9.30 with the airport.

9.31 ~~(m) Class 2e consists of land with a commercial aggregate deposit that is not actively~~  
 9.32 ~~being mined and is not otherwise classified as class 2a or 2b, provided that the land is not~~  
 9.33 ~~located in a county that has elected to opt-out of the aggregate preservation program as~~  
 9.34 ~~provided in section 273.1115, subdivision 6. It has a class rate of one percent of market~~  
 9.35 ~~value. To qualify for classification under this paragraph, the property must be at least~~

10.1 ~~ten contiguous acres in size and the owner of the property must record with the county~~  
 10.2 ~~recorder of the county in which the property is located an affidavit containing:~~

10.3 ~~(1) a legal description of the property;~~

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

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

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

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

10.16 ~~(n) When any portion of the property under this subdivision or subdivision 22 begins~~  
 10.17 ~~to be actively mined, the owner must file a supplemental affidavit within 60 days from~~  
 10.18 ~~the day any aggregate is removed stating the number of acres of the property that is~~  
 10.19 ~~actively being mined. The acres actively being mined must be (1) valued and classified~~  
 10.20 ~~under subdivision 24 in the next subsequent assessment year, and (2) removed from the~~  
 10.21 ~~aggregate resource preservation property tax program under section 273.1115, if the~~  
 10.22 ~~land was enrolled in that program. Copies of the original affidavit and all supplemental~~  
 10.23 ~~affidavits must be filed with the county assessor, the local zoning administrator, and the~~  
 10.24 ~~Department of Natural Resources, Division of Land and Minerals. A supplemental~~  
 10.25 ~~affidavit must be filed each time a subsequent portion of the property is actively mined,~~  
 10.26 ~~provided that the minimum acreage change is five acres, even if the actual mining activity~~  
 10.27 ~~constitutes less than five acres.~~

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

10.31 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2015.

10.32 Sec. 10. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 3,  
 10.33 is amended to read:

10.34 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each  
 10.35 taxing district within each unique taxing jurisdiction is the amount certified for taxes

11.1 payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax  
 11.2 capacity using the class rates for taxes payable in the year for which aid is being computed,  
 11.3 to (2) its tax capacity using the class rates for taxes payable in the year prior to that for  
 11.4 which aid is being computed, both based upon taxable market values for taxes payable in  
 11.5 the year prior to that for which aid is being computed. If the commissioner determines  
 11.6 that insufficient information is available to reasonably and timely calculate the numerator  
 11.7 in this ratio for the first taxes payable year that a class rate change or new class rate is  
 11.8 effective, the commissioner shall omit the effects of that class rate change or new class  
 11.9 rate when calculating this ratio for aid payable in that taxes payable year. For aid payable  
 11.10 in the year following a year for which such omission was made, the commissioner shall  
 11.11 use in the denominator for the class that was changed or created, the tax capacity for taxes  
 11.12 payable two years prior to that in which the aid is payable, based on taxable market values  
 11.13 for taxes payable in the year prior to that for which aid is being computed.

11.14 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2015.

11.15 Sec. 11. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is  
 11.16 amended to read:

11.17 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes  
 11.18 levied by a local governmental unit for the following purposes or in the following manner:

11.19 (1) to pay the costs of the principal and interest on bonded indebtedness or to  
 11.20 reimburse for the amount of liquor store revenues used to pay the principal and interest  
 11.21 due on municipal liquor store bonds in the year preceding the year for which the levy  
 11.22 limit is calculated;

11.23 (2) to pay the costs of principal and interest on certificates of indebtedness issued for  
 11.24 any corporate purpose except for the following:

11.25 (i) tax anticipation or aid anticipation certificates of indebtedness;

11.26 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

11.27 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of  
 11.28 extraordinary expenditures that result from a public emergency; or

11.29 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an  
 11.30 insufficiency in other revenue sources, provided that nothing in this subdivision limits the  
 11.31 special levy authorized under section 475.755;

11.32 (3) to provide for the bonded indebtedness portion of payments made to another  
 11.33 political subdivision of the state of Minnesota;

12.1 (4) to fund payments made to the Minnesota State Armory Building Commission  
 12.2 under section 193.145, subdivision 2, to retire the principal and interest on armory  
 12.3 construction bonds;

12.4 (5) property taxes approved by voters which are levied against the referendum  
 12.5 market value as provided under section 275.61;

12.6 (6) to fund matching requirements needed to qualify for federal or state grants or  
 12.7 programs to the extent that either (i) the matching requirement exceeds the matching  
 12.8 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not  
 12.9 exist prior to 2002;

12.10 (7) to pay the expenses reasonably and necessarily incurred in preparing for or  
 12.11 repairing the effects of natural disaster including the occurrence or threat of widespread  
 12.12 or severe damage, injury, or loss of life or property resulting from natural causes, in  
 12.13 accordance with standards formulated by the Emergency Services Division of the state  
 12.14 Department of Public Safety, as allowed by the commissioner of revenue under section  
 12.15 275.74, subdivision 2;

12.16 (8) pay amounts required to correct an error in the levy certified to the county  
 12.17 auditor by a city or county in a levy year, but only to the extent that when added to the  
 12.18 preceding year's levy it is not in excess of an applicable statutory, special law or charter  
 12.19 limitation, or the limitation imposed on the governmental subdivision by sections 275.70  
 12.20 to 275.74 in the preceding levy year;

12.21 (9) to pay an abatement under section 469.1815;

12.22 ~~(10) to pay any costs attributable to increases in the employer contribution rates under~~  
 12.23 ~~chapter 353, or locally administered pension plans, that are effective after June 30, 2001;~~

12.24 ~~(11)~~ (10) to pay the operating or maintenance costs of a county jail as authorized  
 12.25 in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,  
 12.26 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the  
 12.27 commissioner of revenue that the amount has been included in the county budget as  
 12.28 a direct result of a rule, minimum requirement, minimum standard, or directive of the  
 12.29 Department of Corrections, or to pay the operating or maintenance costs of a regional jail  
 12.30 as authorized in section 641.262. For purposes of this clause, a district court order is  
 12.31 not a rule, minimum requirement, minimum standard, or directive of the Department of  
 12.32 Corrections. If the county utilizes this special levy, except to pay operating or maintenance  
 12.33 costs of a new regional jail facility under sections 641.262 to 641.264 which will not  
 12.34 replace an existing jail facility, any amount levied by the county in the previous levy year  
 12.35 for the purposes specified under this clause and included in the county's previous year's  
 12.36 levy limitation computed under section 275.71, shall be deducted from the levy limit

13.1 base under section 275.71, subdivision 2, when determining the county's current year  
 13.2 levy limitation. The county shall provide the necessary information to the commissioner  
 13.3 of revenue for making this determination;

13.4 ~~(12) to pay for operation of a lake improvement district, as authorized under section~~  
 13.5 ~~103B.555. If the county utilizes this special levy, any amount levied by the county in the~~  
 13.6 ~~previous levy year for the purposes specified under this clause and included in the county's~~  
 13.7 ~~previous year's levy limitation computed under section 275.71 shall be deducted from~~  
 13.8 ~~the levy limit base under section 275.71, subdivision 2, when determining the county's~~  
 13.9 ~~current year levy limitation. The county shall provide the necessary information to the~~  
 13.10 ~~commissioner of revenue for making this determination;~~

13.11 ~~(13)~~ (11) to repay a state or federal loan used to fund the direct or indirect required  
 13.12 spending by the local government due to a state or federal transportation project or other  
 13.13 state or federal capital project. This authority may only be used if the project is not a  
 13.14 local government initiative;

13.15 ~~(14) to pay for court administration costs as required under section 273.1398,~~  
 13.16 ~~subdivision 4b, less the (i) county's share of transferred fines and fees collected by the~~  
 13.17 ~~district courts in the county for calendar year 2001 and (ii) the aid amount certified to be~~  
 13.18 ~~paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes~~  
 13.19 ~~levied to pay for these costs in the year in which the court financing is transferred to the~~  
 13.20 ~~state, the amount under this clause is limited to the amount of aid the county is certified to~~  
 13.21 ~~receive under section 273.1398, subdivision 4a;~~

13.22 ~~(15)~~ (12) to fund a firefighters relief association as required under Laws 2013,  
 13.23 chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the  
 13.24 amount levied for this purpose in ~~2001~~ the previous year;

13.25 ~~(16)~~ (13) for purposes of a storm sewer improvement district under section 444.20;

13.26 ~~(17) to pay for the maintenance and support of a city or county society for the~~  
 13.27 ~~prevention of cruelty to animals under section 343.11, but not to exceed in any year~~  
 13.28 ~~\$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most~~  
 13.29 ~~recent federal census, whichever is greater. If the city or county uses this special levy, any~~  
 13.30 ~~amount levied by the city or county in the previous levy year for the purposes specified~~  
 13.31 ~~in this clause and included in the city's or county's previous year's levy limit computed~~  
 13.32 ~~under section 275.71, must be deducted from the levy limit base under section 275.71,~~  
 13.33 ~~subdivision 2, in determining the city's or county's current year levy limit;~~

13.34 ~~(18)~~ (14) for counties, to pay for the increase in their share of health and human  
 13.35 service costs caused by reductions in federal health and human services grants effective  
 13.36 after September 30, 2007;

14.1 ~~(19)~~ (15) for a city, for the costs reasonably and necessarily incurred for securing,  
 14.2 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by  
 14.3 the commissioner of revenue under section 275.74, subdivision 2. A city must have either  
 14.4 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in  
 14.5 the city or in a zip code area of the city that is at least 50 percent higher than the average  
 14.6 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,  
 14.7 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the  
 14.8 number of foreclosures, as indicated by sheriff sales records, divided by the number of  
 14.9 households in the city in 2007;

14.10 ~~(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and~~  
 14.11 ~~lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified~~  
 14.12 ~~to the Federal Highway Administration;~~

14.13 ~~(21)~~ (16) to pay costs attributable to wages and benefits for sheriff, police, and fire  
 14.14 personnel. If a local governmental unit did not use this special levy in the previous year its  
 14.15 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it  
 14.16 levied for the purposes specified in this clause in the previous year;

14.17 ~~(22)~~ (17) an amount equal to any reductions in the certified aids or credit  
 14.18 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,  
 14.19 due to unallotment under section 16A.152 or reductions under another provision of law.  
 14.20 The amount of the levy allowed under this clause for each year is limited to the amount  
 14.21 unallotted or reduced from the aids and credit reimbursements certified for payment in the  
 14.22 year following the calendar year in which the tax levy is certified unless the unallotment  
 14.23 or reduction amount is not known by September 1 of the levy certification year, and  
 14.24 the local government has not adjusted its levy under section 275.065, subdivision 6, or  
 14.25 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied  
 14.26 in the following year;

14.27 ~~(23)~~ (18) to pay for the difference between one-half of the costs of confining sex  
 14.28 offenders undergoing the civil commitment process and any state payments for this  
 14.29 purpose pursuant to section 253D.12; and

14.30 ~~(24)~~ (19) for a county to pay the costs of the first year of maintaining and operating  
 14.31 a new facility or new expansion, either of which contains courts, corrections, dispatch,  
 14.32 criminal investigation labs, or other public safety facilities and for which all or a portion  
 14.33 of the funding for the site acquisition, building design, site preparation, construction, and  
 14.34 related equipment was issued or authorized prior to the imposition of levy limits ~~in 2008~~.  
 14.35 The levy limit base shall then be increased by an amount equal to the new facility's first  
 14.36 full year's operating costs as described in this clause; and.

15.1           (25) for the estimated amount of reduction to market value credit reimbursements  
15.2 under section 273.1384 for credits payable in the year in which the levy is payable.

15.3           Sec. 12. Minnesota Statutes 2012, section 279.03, subdivision 1, is amended to read:

15.4           Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent~~  
15.5 ~~property taxes levied in 1979 and prior years is fixed at six percent per year until January~~  
15.6 ~~1, 1983. Thereafter interest is payable at the rate determined pursuant to section 549.09.~~  
15.7 ~~The rate of interest on delinquent property taxes levied in 1980 and subsequent years is~~  
15.8 ~~the rate determined pursuant to section 549.09. All provisions of law except section~~  
15.9 ~~549.09 providing for the calculation of interest at any different rate on delinquent taxes in~~  
15.10 ~~any notice or proceeding in connection with the payment, collection, sale, or assignment~~  
15.11 ~~of delinquent taxes, or redemption from such sale or assignment are hereby amended~~  
15.12 ~~to correspond herewith. Section 549.09 shall continue in force applies with respect to~~  
15.13 ~~determining the interest on judgments arising out of petitions for review filed pursuant to~~  
15.14 ~~chapter 278 irrespective of the levy year.~~

15.15           ~~For property taxes levied in 1980 and prior years, interest is to be calculated at~~  
15.16 ~~simple interest from the second Monday in May following the year in which the taxes~~  
15.17 ~~become due until the time that the taxes and penalties are paid, computed on the amount~~  
15.18 ~~of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent~~  
15.19 ~~years, Interest shall commence on the first day of January following the year in which the~~  
15.20 ~~taxes become due, but the county treasurer need not calculate interest on unpaid taxes and~~  
15.21 ~~penalties on the tax list returned to the county auditor pursuant to section 279.01.~~

15.22           If interest is payable for a portion of a year, the interest is calculated only for the  
15.23 months that the taxes or penalties remain unpaid, and for this purpose a portion of a month  
15.24 is deemed to be a whole month.

15.25           Sec. 13. Minnesota Statutes 2012, section 279.03, subdivision 1a, is amended to read:

15.26           Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b),  
15.27 interest on delinquent property taxes, penalties, and costs unpaid ~~on or after January 1,~~  
15.28 ~~1991, shall be is payable at the per annum rate determined in section 270C.40, subdivision~~  
15.29 ~~5. If the rate so determined is less than ten percent, the rate of interest shall be is ten~~  
15.30 ~~percent. The maximum per annum rate shall be is 14 percent if the rate specified under~~  
15.31 ~~section 270C.40, subdivision 5, exceeds 14 percent. The rate shall be is subject to change~~  
15.32 ~~on January 1 of each year.~~

15.33           (b) If a person is the owner of one or more parcels of property on which taxes are  
15.34 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school

16.1 district levy, interest on the delinquent property taxes, penalties, and costs unpaid after  
 16.2 ~~January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for  
 16.3 the year.

16.4 Sec. 14. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

16.5 Subd. 2. **Composite judgment.** Amounts included in composite judgments  
 16.6 authorized by section 279.37, subdivision 1, and confessed ~~on or after July 1, 1982, are~~  
 16.7 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~  
 16.8 ~~under this authority after December 31, 1990, are subject to interest at the rate calculated~~  
 16.9 ~~under subdivision 1a. During each calendar year, interest shall accerue~~ accrues on the  
 16.10 unpaid balance of the composite judgment from the time it is confessed until it is paid.  
 16.11 The rate of interest is subject to change each year in the same manner ~~that section 549.09~~  
 16.12 ~~or as provided in subdivision 1a, whichever is applicable, for rate changes. Interest on the~~  
 16.13 ~~unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate~~  
 16.14 ~~applicable to the judgment at the time that it was confessed.~~

16.15 Sec. 15. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is  
 16.16 amended to read:

16.17 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to  
 16.18 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
 16.19 make and file with the county auditor of the county in which the parcel is located a written  
 16.20 offer to pay the current taxes each year before they become delinquent, or to contest the  
 16.21 taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree  
 16.22 to confess judgment for the amount provided, as determined by the county auditor. By  
 16.23 filing the offer, the owner waives all irregularities in connection with the tax proceedings  
 16.24 affecting the parcel and any defense or objection which the owner may have to the  
 16.25 proceedings, and also waives the requirements of any notice of default in the payment of  
 16.26 any installment or interest to become due pursuant to the composite judgment to be so  
 16.27 entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i)  
 16.28 tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and  
 16.29 (ii) tender all current year taxes and penalty due at the time the confession of judgment is  
 16.30 entered. In the offer, the owner shall agree to pay the balance in nine equal installments,  
 16.31 with interest as provided in section 279.03, payable annually on installments remaining  
 16.32 unpaid from time to time, on or before December 31 of each year following the year in  
 16.33 which judgment was confessed. The offer must be substantially as follows:

17.1 "To the court administrator of the district court of ..... county, I, .....,  
 17.2 am the owner of the following described parcel of real estate located in .....  
 17.3 county, Minnesota:

17.4 ..... Upon that real estate there are delinquent taxes for the year ....., and  
 17.5 prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
 17.6 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in  
 17.7 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and  
 17.8 any defense or objection which I may have to them, and direct judgment to be entered for  
 17.9 the amount stated above, minus the sum of \$....., to be paid with this document, which  
 17.10 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.  
 17.11 I agree to pay the balance of the judgment in nine or four equal, annual installments, with  
 17.12 interest as provided in section 279.03, payable annually, on the installments remaining  
 17.13 unpaid. I agree to pay the installments and interest on or before December 31 of each year  
 17.14 following the year in which this judgment is confessed and current taxes each year before  
 17.15 they become delinquent, or within 30 days after the entry of final judgment in proceedings  
 17.16 to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

17.17 Dated ....., ....."

17.18 Sec. 16. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

17.19 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved  
 17.20 by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined  
 17.21 ~~pursuant to section 549.09. Repurchase contracts approved after December 31, 1990, are~~  
 17.22 ~~subject to interest at the rate determined~~ in section 279.03, subdivision 1a. The interest  
 17.23 rate is subject to change each year on the unpaid balance in the manner provided for rate  
 17.24 changes in section ~~549.09 or~~ 279.03, subdivision 1a, ~~whichever is applicable. Interest on~~  
 17.25 ~~the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the~~  
 17.26 ~~rate applicable to the repurchase contract at the time that it was approved.~~

17.27 Sec. 17. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

17.28 Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation  
 17.29 means a corporation:

17.30 (1) created or organized in the United States, or under the laws of the United  
 17.31 States or of any state, the District of Columbia, or any political subdivision of any of  
 17.32 the foregoing but not including the Commonwealth of Puerto Rico, or any possession  
 17.33 of the United States; or

18.1 (2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue  
18.2 Code; ~~or~~.

18.3 ~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

18.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
18.5 December 31, 2013.

18.6 Sec. 18. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

18.7 Subd. 29. **Taxable income.** The term "taxable income" means:

18.8 (1) for individuals, estates, and trusts, the same as taxable net income;

18.9 (2) for corporations, the taxable net income less

18.10 (i) the net operating loss deduction under section 290.095;

18.11 (ii) the dividends received deduction under section 290.21, subdivision 4; and

18.12 (iii) the exemption for operating in a job opportunity building zone under section  
18.13 469.317; ~~and~~.

18.14 ~~(iv) the exemption for operating in a biotechnology and health sciences industry  
18.15 zone under section 469.337.~~

18.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
18.17 December 31, 2013.

18.18 Sec. 19. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3,  
18.19 is amended to read:

18.20 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable  
18.21 income" is Minnesota net income as defined in section 290.01, subdivision 19, and  
18.22 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),  
18.23 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company  
18.24 Minnesota tax return, the minimum tax must be computed on a separate company basis.  
18.25 If a corporation is part of a tax group filing a unitary return, the minimum tax must be  
18.26 computed on a unitary basis. The following adjustments must be made.

18.27 (1) For purposes of the depreciation adjustments under section 56(a)(1) and  
18.28 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in  
18.29 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal  
18.30 income tax purposes, including any modification made in a taxable year under section  
18.31 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,  
18.32 paragraph (c).

19.1 For taxable years beginning after December 31, 2000, the amount of any remaining  
19.2 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,  
19.3 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation  
19.4 allowance in the first taxable year after December 31, 2000.

19.5 (2) The portion of the depreciation deduction allowed for federal income tax  
19.6 purposes under section 168(k) of the Internal Revenue Code that is required as an  
19.7 addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining  
19.8 alternative minimum taxable income.

19.9 (3) The subtraction for depreciation allowed under section 290.01, subdivision 19d,  
19.10 clause (15), is allowed as a depreciation deduction in determining alternative minimum  
19.11 taxable income.

19.12 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
19.13 of the Internal Revenue Code does not apply.

19.14 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
19.15 Revenue Code does not apply.

19.16 (6) The tax preference for depletion under section 57(a)(1) of the Internal Revenue  
19.17 Code does not apply.

19.18 (7) The tax preference for intangible drilling costs under section 57(a)(2) of the  
19.19 Internal Revenue Code must be calculated without regard to subparagraph (E) and the  
19.20 subtraction under section 290.01, subdivision 19d, clause (4).

19.21 (8) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
19.22 Revenue Code does not apply.

19.23 (9) The tax preference for charitable contributions of appreciated property under  
19.24 section 57(a)(6) of the Internal Revenue Code does not apply.

19.25 (10) For purposes of calculating the tax preference for accelerated depreciation or  
19.26 amortization on certain property placed in service before January 1, 1987, under section  
19.27 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the  
19.28 deduction allowed under section 290.01, subdivision 19e.

19.29 For taxable years beginning after December 31, 2000, the amount of any remaining  
19.30 modification made under section 290.01, subdivision 19e, not previously deducted is a  
19.31 depreciation or amortization allowance in the first taxable year after December 31, 2004.

19.32 (11) For purposes of calculating the adjustment for adjusted current earnings in  
19.33 section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
19.34 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
19.35 minimum taxable income as defined in this subdivision, determined without regard to the  
19.36 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

20.1 (12) For purposes of determining the amount of adjusted current earnings under  
 20.2 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section  
 20.3 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend  
 20.4 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the  
 20.5 amount of refunds of income, excise, or franchise taxes subtracted as provided in section  
 20.6 290.01, subdivision 19d, clause (9).

20.7 (13) Alternative minimum taxable income excludes the income from operating in a  
 20.8 job opportunity building zone as provided under section 469.317.

20.9 ~~(14) Alternative minimum taxable income excludes the income from operating in a  
 20.10 biotechnology and health sciences industry zone as provided under section 469.337.~~

20.11 Items of tax preference must not be reduced below zero as a result of the  
 20.12 modifications in this subdivision.

20.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 20.14 December 31, 2013.

20.15 Sec. 20. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

20.16 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales  
 20.17 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts  
 20.18 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the  
 20.19 total sales or receipts apportioned or attributed to Minnesota pursuant to any other  
 20.20 apportionment formula applicable to the taxpayer.

20.21 (b) "Minnesota property" means total Minnesota tangible property as provided in  
 20.22 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,  
 20.23 but does not include: ~~(1) the property of a qualified business as defined under section  
 20.24 469.310, subdivision 11, that is located in a job opportunity building zone designated  
 20.25 under section 469.314 and (2) property of a qualified business located in a biotechnology  
 20.26 and health sciences industry zone designated under section 469.334.~~ Intangible property  
 20.27 shall not be included in Minnesota property for purposes of this section. Taxpayers who  
 20.28 do not utilize tangible property to apportion income shall nevertheless include Minnesota  
 20.29 property for purposes of this section. On a return for a short taxable year, the amount of  
 20.30 Minnesota property owned, as determined under section 290.191, shall be included in  
 20.31 Minnesota property based on a fraction in which the numerator is the number of days in  
 20.32 the short taxable year and the denominator is 365.

20.33 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section  
 20.34 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll  
 20.35 under section 469.310, subdivision 8, of a qualified business as defined under section~~

21.1 469.310, subdivision 11, ~~and (2) biotechnology and health sciences industry zone payrolls~~  
 21.2 ~~under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion  
 21.3 income shall nevertheless include Minnesota payrolls for purposes of this section.

21.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 21.5 December 31, 2013.

21.6 Sec. 21. Minnesota Statutes 2012, section 290.191, subdivision 2, is amended to read:

21.7 Subd. 2. **Apportionment formula of general application.** (a) Except for those  
 21.8 trades or businesses required to use a different formula under subdivision 3 or section  
 21.9 290.36, and for those trades or businesses that receive permission to use some other  
 21.10 method under section 290.20 or under subdivision 4, a trade or business required to  
 21.11 apportion its net income must apportion its income to this state on the basis of the  
 21.12 percentage obtained by taking the sum of:

21.13 (1) the percent for the sales factor under paragraph (b) of the percentage which  
 21.14 that the sales made within this state in connection with the trade or business during the  
 21.15 tax period are of the total sales wherever made in connection with the trade or business  
 21.16 during the tax period;

21.17 (2) the percent for the property factor under paragraph (b) of the percentage which  
 21.18 the total tangible property used by the taxpayer in this state in connection with the trade or  
 21.19 business during the tax period is of the total tangible property, wherever located, used by  
 21.20 the taxpayer in connection with the trade or business during the tax period; and

21.21 (3) the percent for the payroll factor under paragraph (b) of the percentage which the  
 21.22 taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in  
 21.23 this state in connection with the trade or business during the tax period are of the taxpayer's  
 21.24 total payrolls paid or incurred in connection with the trade or business during the tax period.

21.25 (b) For purposes of paragraph (a) and subdivision 3, the following percentages apply  
 21.26 for the taxable years specified:

| 21.27 Taxable years beginning       | Sales factor | Property factor | Payroll factor |
|-------------------------------------|--------------|-----------------|----------------|
| 21.28 during calendar year          | percent      | percent         | percent        |
| 21.29 2007                          | 78           | 11              | 11             |
| 21.30 2008                          | 81           | 9.5             | 9.5            |
| 21.31 2009                          | 84           | 8               | 8              |
| 21.32 2010                          | 87           | 6.5             | 6.5            |
| 21.33 2011                          | 90           | 5               | 5              |
| 21.34 2012                          | 93           | 3.5             | 3.5            |
| 21.35 2013                          | 96           | 2               | 2              |
| 21.36 2014 and later calendar years | 100          | 0               | 0              |

22.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 22.2 December 31, 2013.

22.3 Sec. 22. Minnesota Statutes 2012, section 290.191, subdivision 3, is amended to read:

22.4 Subd. 3. **Apportionment formula for financial institutions.** Except for an  
 22.5 investment company required to apportion its income under section 290.36, a financial  
 22.6 institution that is required to apportion its net income must apportion its net income to this  
 22.7 state on the basis of the percentage ~~obtained by taking the sum of:~~

22.8 ~~(1) the percent for the sales factor under subdivision 2, paragraph (b), of the~~  
 22.9 ~~percentage which that the receipts from within this state in connection with the trade or~~  
 22.10 ~~business during the tax period are of the total receipts in connection with the trade or~~  
 22.11 ~~business during the tax period, from wherever derived;~~

22.12 ~~(2) the percent for the property factor under subdivision 2, paragraph (b), of the~~  
 22.13 ~~percentage which the sum of the total tangible property used by the taxpayer in this state~~  
 22.14 ~~and the intangible property owned by the taxpayer and attributed to this state in connection~~  
 22.15 ~~with the trade or business during the tax period is of the sum of the total tangible property,~~  
 22.16 ~~wherever located, used by the taxpayer and the intangible property owned by the taxpayer~~  
 22.17 ~~and attributed to all states in connection with the trade or business during the tax period; and~~

22.18 ~~(3) the percent for the payroll factor under subdivision 2, paragraph (b), of the~~  
 22.19 ~~percentage which the taxpayer's total payrolls paid or incurred in this state or paid in~~  
 22.20 ~~respect to labor performed in this state in connection with the trade or business during~~  
 22.21 ~~the tax period are of the taxpayer's total payrolls paid or incurred in connection with~~  
 22.22 ~~the trade or business during the tax period.~~

22.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 22.24 December 31, 2013.

22.25 Sec. 23. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is  
 22.26 amended to read:

22.27 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the  
 22.28 following exempt items must be imposed and collected as if the sale were taxable and the  
 22.29 rate under section 297A.62, subdivision 1, applied. The exempt items include:

22.30 (1) building materials for an agricultural processing facility exempt under section  
 22.31 297A.71, subdivision 13;

22.32 (2) building materials for mineral production facilities exempt under section  
 22.33 297A.71, subdivision 14;

22.34 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

- 23.1 (4) building materials used in a residence for disabled veterans exempt under section  
 23.2 297A.71, subdivision 11;
- 23.3 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 23.4 ~~(6) building materials for the Long Lake Conservation Center exempt under section~~  
 23.5 ~~297A.71, subdivision 17;~~
- 23.6 ~~(7)~~ (6) materials and supplies for qualified low-income housing under section  
 23.7 297A.71, subdivision 23;
- 23.8 ~~(8)~~ (7) materials, supplies, and equipment for municipal electric utility facilities  
 23.9 under section 297A.71, subdivision 35;
- 23.10 ~~(9)~~ (8) equipment and materials used for the generation, transmission, and  
 23.11 distribution of electrical energy and an aerial camera package exempt under section  
 23.12 297A.68, subdivision 37;
- 23.13 ~~(10)~~ (9) commuter rail vehicle and repair parts under section 297A.70, subdivision  
 23.14 3, paragraph (a), clause (10);
- 23.15 ~~(11)~~ (10) materials, supplies, and equipment for construction or improvement of  
 23.16 projects and facilities under section 297A.71, subdivision 40;
- 23.17 ~~(12) materials, supplies, and equipment for construction or improvement of a meat~~  
 23.18 ~~processing facility exempt under section 297A.71, subdivision 41;~~
- 23.19 ~~(13)~~ (11) materials, supplies, and equipment for construction, improvement, or  
 23.20 expansion of:
- 23.21 (i) an aerospace defense manufacturing facility exempt under section 297A.71,  
 23.22 subdivision 42;
- 23.23 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,  
 23.24 subdivision 45;
- 23.25 (iii) a research and development facility exempt under section 297A.71, subdivision  
 23.26 46; and
- 23.27 (iv) an industrial measurement manufacturing and controls facility exempt under  
 23.28 section 297A.71, subdivision 47;
- 23.29 ~~(14)~~ (12) enterprise information technology equipment and computer software for  
 23.30 use in a qualified data center exempt under section 297A.68, subdivision 42;
- 23.31 ~~(15)~~ (13) materials, supplies, and equipment for qualifying capital projects under  
 23.32 section 297A.71, subdivision 44;
- 23.33 ~~(16)~~ (14) items purchased for use in providing critical access dental services exempt  
 23.34 under section 297A.70, subdivision 7, paragraph (c); and
- 23.35 ~~(17)~~ (15) items and services purchased under a business subsidy agreement for use or  
 23.36 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

24.2 Sec. 24. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is  
24.3 amended to read:

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

24.7 (1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (14), the applicant must be the  
24.8 purchaser;

24.9 (2) for subdivision 1, ~~clauses~~ clause (3) and ~~(6)~~, the applicant must be the  
24.10 governmental subdivision;

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

24.13 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
24.14 property;

24.15 (5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing  
24.16 project;

24.17 (6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility  
24.18 or a joint venture of municipal electric utilities;

24.19 (7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), and ~~(17)~~ (15),  
24.20 the owner of the qualifying business; and

24.21 (8) for subdivision 1, clauses (10), (11), and (15), the applicant must be the  
24.22 governmental entity that owns or contracts for the project or facility.

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

24.24 Sec. 25. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is  
24.25 amended to read:

24.26 Subd. 3. **Application.** (a) The application must include sufficient information  
24.27 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,  
24.28 subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the  
24.29 contractor, subcontractor, or builder must furnish to the refund applicant a statement  
24.30 including the cost of the exempt items and the taxes paid on the items unless otherwise  
24.31 specifically provided by this subdivision. The provisions of sections 289A.40 and  
24.32 289A.50 apply to refunds under this section.

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

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

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

25.6 Sec. 26. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

25.7 Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals  
 25.8 ~~a percentage~~ 1.5 percent of gross premiums less return premiums on all direct business  
 25.9 received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or  
 25.10 otherwise, during the year. ~~For premiums received after December 31, 2005, but before~~  
 25.11 ~~January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December~~  
 25.12 ~~31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums~~  
 25.13 ~~received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625~~  
 25.14 ~~percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.~~

25.15 Sec. 27. Minnesota Statutes 2013 Supplement, section 298.223, subdivision 1, is  
 25.16 amended to read:

25.17 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental  
 25.18 protection fund is created for the purpose of reclaiming, restoring and enhancing those  
 25.19 areas of northeast Minnesota located within the taconite assistance area defined in section  
 25.20 273.1341, that are adversely affected by the environmentally damaging operations  
 25.21 involved in mining taconite and iron ore and producing iron ore concentrate and for the  
 25.22 purpose of promoting the economic development of northeast Minnesota. The taconite  
 25.23 environmental protection fund shall be used for the following purposes:

25.24 (1) to initiate investigations into matters the Iron Range Resources and Rehabilitation  
 25.25 Board determines are in need of study and which will determine the environmental  
 25.26 problems requiring remedial action;

25.27 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided  
 25.28 for by state law;

25.29 (3) local economic development projects but only if those projects are approved by  
 25.30 the board, and public works, including construction of sewer and water systems located  
 25.31 within the taconite assistance area defined in section 273.1341;

25.32 (4) monitoring of mineral industry related health problems among mining  
 25.33 employees; and

25.34 (5) local public works projects under section 298.227, paragraph (c); and.

- 26.1 ~~(6) local public works projects as provided under this clause. The following amounts~~  
 26.2 ~~shall be distributed in 2009 based upon the taxable tonnage of production in 2008:~~
- 26.3 ~~(i) .4651 cent per ton to the city of Aurora for street repair and renovation;~~  
 26.4 ~~(ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure~~  
 26.5 ~~improvements to the south side industrial site;~~  
 26.6 ~~(iii) .6460 cent per ton to the city of Buhl for street repair;~~  
 26.7 ~~(iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;~~  
 26.8 ~~(v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure~~  
 26.9 ~~upgrades;~~  
 26.10 ~~(vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure~~  
 26.11 ~~upgrades;~~  
 26.12 ~~(vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;~~  
 26.13 ~~(viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility~~  
 26.14 ~~modifications for the miners' memorial;~~  
 26.15 ~~(ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;~~  
 26.16 ~~(x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;~~  
 26.17 ~~(xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;~~  
 26.18 ~~(xii) .6460 cent per ton to the town of Balkan for community center repairs;~~  
 26.19 ~~(xiii) .9044 cent per ton to the city of Babbitt for city garage construction;~~  
 26.20 ~~(xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;~~  
 26.21 ~~(xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;~~  
 26.22 ~~(xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;~~  
 26.23 ~~(xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;~~  
 26.24 ~~(xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;~~  
 26.25 ~~(xix) .3230 cent per ton to Lake County for trail construction;~~  
 26.26 ~~(xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand~~  
 26.27 ~~Marais;~~  
 26.28 ~~(xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure~~  
 26.29 ~~improvements;~~  
 26.30 ~~(xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;~~  
 26.31 ~~(xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer~~  
 26.32 ~~improvements along Gayley Avenue;~~  
 26.33 ~~(xxiv) .3876 cent per ton to the city of Marble for construction of a city~~  
 26.34 ~~administration facility;~~  
 26.35 ~~(xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the~~  
 26.36 ~~community center;~~

27.1 ~~(xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure~~  
 27.2 ~~upgrades;~~  
 27.3 ~~(xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades~~  
 27.4 ~~along Depot Street;~~  
 27.5 ~~(xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter~~  
 27.6 ~~improvements;~~  
 27.7 ~~(xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer~~  
 27.8 ~~infrastructure upgrades at Pokegema Golf Course and Park Place;~~  
 27.9 ~~(xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades~~  
 27.10 ~~for 1st Avenue from River Road to 3rd Street SE; and~~  
 27.11 ~~(xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing~~  
 27.12 ~~at Highway 2 and County Road 62.~~

27.13 Sec. 28. Minnesota Statutes 2012, section 298.293, is amended to read:

27.14 **298.293 EXPENDING FUNDS.**

27.15 The funds provided by section 298.28, subdivision 11, relating to the Douglas J.  
 27.16 Johnson economic protection trust fund, except money expended pursuant to ~~Laws 1982,~~  
 27.17 ~~Second Special Session, chapter 2, sections 8 to 14~~ sections 298.296 to 298.298, shall be  
 27.18 expended only in an amount that does not exceed the sum of the net interest, dividends,  
 27.19 and earnings arising from the investment of the trust for the preceding 12 calendar months  
 27.20 from the date of the authorization ~~plus, for fiscal year 1983, \$10,000,000 from the corpus~~  
 27.21 ~~of the fund~~. The funds may be spent only in or for the benefit of the taconite assistance  
 27.22 area as defined in section 273.1341. If during any year the taconite property tax account  
 27.23 under sections 273.134 to 273.136 does not contain sufficient funds to pay the property  
 27.24 tax relief specified in ~~Laws 1977, chapter 423, article X, section 4~~ section 273.135, there  
 27.25 is appropriated from this trust fund to the relief account sufficient funds to pay the relief  
 27.26 specified in ~~Laws 1977, chapter 423, article X, section 4~~ section 273.135.

27.27 Sec. 29. Minnesota Statutes 2012, section 298.75, subdivision 1, is amended to read:

27.28 Subdivision 1. **Definitions.** Except as may otherwise be provided, the following  
 27.29 words, when used in this section, shall have the meanings herein ascribed to them.

27.30 (a) "Aggregate material" means:

27.31 (1) nonmetallic natural mineral aggregate including, but not limited to sand, silica  
 27.32 sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is  
 27.33 transported on a public road, street, or highway, provided that nonmetallic aggregate  
 27.34 material does not include dimension stone and dimension granite; and

28.1 (2) taconite tailings, crushed rock, and architectural or dimension stone and dimension  
28.2 granite removed from a taconite mine or the site of a previously operated taconite mine.

28.3 Aggregate material must be measured or weighed after it has been extracted from  
28.4 the pit, quarry, or deposit.

28.5 (b) "Person" means any individual, firm, partnership, corporation, organization,  
28.6 trustee, association, or other entity.

28.7 (c) "Operator" means any person engaged in the business of removing aggregate  
28.8 material from the surface or subsurface of the soil, for the purpose of sale, either directly  
28.9 or indirectly, through the use of the aggregate material in a marketable product or service.

28.10 (d) "Extraction site" means a pit, quarry, or deposit containing aggregate material  
28.11 and any contiguous property to the pit, quarry, or deposit which is used by the operator for  
28.12 stockpiling the aggregate material.

28.13 (e) "Importer" means any person who buys aggregate material excavated from a  
28.14 ~~county not listed in paragraph (f) or another state~~ site on which the tax under this section is  
28.15 not imposed and causes the aggregate material to be imported into a county in this state  
28.16 which imposes a tax on aggregate material.

28.17 (f) "County" means ~~the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott,~~  
28.18 ~~Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomon,~~  
28.19 ~~Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin,~~  
28.20 ~~Washington, Chisago, and Ramsey.~~ County also means a county imposing the tax under  
28.21 this section on December 31, 2014, or any other county whose board has voted after a  
28.22 public hearing to impose the tax under this section and has notified the commissioner of  
28.23 revenue of the imposition of the tax.

28.24 (g) "Borrow" means granular borrow, consisting of durable particles of gravel and  
28.25 sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof,  
28.26 the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch)  
28.27 sieve may not exceed 20 percent by mass.

28.28 **EFFECTIVE DATE.** This section is effective January 1, 2015.

28.29 Sec. 30. Minnesota Statutes 2012, section 298.75, is amended by adding a subdivision  
28.30 to read:

28.31 Subd. 12. **Town authority.** (a) A town located in a county in which a tax under  
28.32 subdivision 2 is not imposed may impose the aggregate materials tax under this section.

28.33 (b) For purposes of exercising the powers contained in this section, the "town"  
28.34 is deemed to be the "county" and all the provisions of this section apply to the town,

29.1 except that all proceeds of the tax must be retained by the town and used for the purposes  
 29.2 described in subdivision 7.

29.3 (c) A county in which a tax is imposed by a town under this subdivision may only  
 29.4 impose the tax under subdivision 2 after giving the clerk of each town imposing the tax  
 29.5 under this subdivision written notice at least 60 days prior to the effective date of the county  
 29.6 tax. If a county imposes an aggregate materials tax under this section, the tax imposed by  
 29.7 the town under this subdivision is repealed on the effective date of the county tax.

29.8 **EFFECTIVE DATE.** This section is effective January 1, 2015.

29.9 Sec. 31. Minnesota Statutes 2013 Supplement, section 465.04, is amended to read:

29.10 **465.04 ACCEPTANCE OF GIFTS.**

29.11 ~~Cities~~ A city of the second, third, or fourth class, ~~having at any time an estimated~~  
 29.12 ~~market value of not more than \$41,000,000, as officially equalized by the commissioner~~  
 29.13 ~~of revenue, either operating under a home rule charter or under the laws of this state, in~~  
 29.14 ~~addition to all other powers possessed by them, hereby are authorized and empowered to~~  
 29.15 may receive and accept gifts and donations for the use and benefit of ~~such cities and the~~  
 29.16 city and its inhabitants thereof upon terms and conditions to be approved by the governing  
 29.17 ~~bodies~~ body of ~~such cities; and such cities are authorized to comply with and perform such~~  
 29.18 the city. The terms and conditions, ~~which~~ may include payment to the donor or donors of  
 29.19 interest on the value of the gift at not exceeding five percent per annum payable annually or  
 29.20 semiannually, during the remainder of the natural life or lives of ~~such~~ the donor or donors.

29.21 Sec. 32. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

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

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

29.26 (2) after 20 years after receipt by the authority of the first increment for a soils  
 29.27 condition district;

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

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

29.32 (b) For purposes of determining a duration limit under this subdivision or subdivision  
 29.33 1e that is based on the receipt of an increment, any increments from taxes payable in the year

30.1 in which the district terminates shall be paid to the authority. This paragraph does not affect  
 30.2 a duration limit calculated from the date of approval of the tax increment financing plan or  
 30.3 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph  
 30.4 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

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

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

30.14 Sec. 33. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

30.15 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which  
 30.16 certification was requested before ~~August 1, 1979, or after June 30, 1982 and before~~  
 30.17 August 1, 2001, no tax increment shall be used to pay any administrative expenses for  
 30.18 a project which exceed ten percent of the total estimated tax increment expenditures  
 30.19 authorized by the tax increment financing plan or the total tax increment expenditures  
 30.20 for the project, whichever is less.

30.21 ~~(b) For districts for which certification was requested after July 31, 1979, and before~~  
 30.22 ~~July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in~~  
 30.23 ~~Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the~~  
 30.24 ~~total tax increment expenditures authorized by the tax increment financing plan or the total~~  
 30.25 ~~estimated tax increment expenditures for the district, whichever is less.~~

30.26 (e) (b) For districts for which certification was requested after July 31, 2001, no tax  
 30.27 increment may be used to pay any administrative expenses for a project which exceed  
 30.28 ten percent of total estimated tax increment expenditures authorized by the tax increment  
 30.29 financing plan or the total tax increments, as defined in section 469.174, subdivision 25,  
 30.30 clause (1), from the district, whichever is less.

30.31 ~~(d)~~ (c) Increments used to pay the county's administrative expenses under  
 30.32 subdivision 4h are not subject to the percentage limits in this subdivision.

30.33 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
 30.34 certification is made after June 30, 1982.

31.1 Sec. 34. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2,  
31.2 is amended to read:

31.3 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
31.4 district, an amount equal to at least 75 percent of the total revenue derived from tax  
31.5 increments paid by properties in the district must be expended on activities in the district  
31.6 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
31.7 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
31.8 For districts, other than redevelopment districts for which the request for certification  
31.9 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
31.10 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
31.11 increments paid by properties in the district may be expended, through a development fund  
31.12 or otherwise, on activities outside of the district but within the defined geographic area of  
31.13 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
31.14 For districts, other than redevelopment districts for which the request for certification was  
31.15 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
31.16 20 percent. The revenue derived from tax increments for the district that are expended on  
31.17 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
31.18 calculating the percentages that must be expended within and without the district.

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

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

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

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

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

32.4 (3) be used to:

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

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

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

32.8 (4) be used to develop housing:

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

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

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

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

32.20 (e) For a district created within a biotechnology and health sciences industry zone  
 32.21 as defined in section 469.330, subdivision 6, or for an existing district located within  
 32.22 such a zone, tax increment derived from such a district may be expended outside of the  
 32.23 district but within the zone only for expenditures required for the construction of public  
 32.24 infrastructure necessary to support the activities of the zone, land acquisition, and other  
 32.25 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are  
 32.26 considered as expenditures for activities within the district. The authority provided by  
 32.27 this paragraph expires for expenditures made after the later of (1) December 31, 2015,  
 32.28 or (2) the end of the five-year period beginning on the date the district was certified,  
 32.29 provided that date was before January 1, 2016.

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

32.35 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 32.36 and applies to all districts, regardless of when the request for certification was made.

33.1 Sec. 35. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

33.2 Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds  
 33.3 under the provisions of this section, shall, before the issuance thereof, levy for each year,  
 33.4 until the principal and interest are paid in full, a direct annual tax on all the taxable property  
 33.5 of the cities in and for which the corporation has been created in an amount not less than  
 33.6 five percent in excess of the sum required to pay the principal and interest thereof, when  
 33.7 and as such principal and interest matures. After any of such bonds have been delivered to  
 33.8 purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the  
 33.9 issuance of such bonds no further action of the corporation shall be necessary to authorize  
 33.10 the extensions, assessments, and collection of such tax. The secretary of the corporation  
 33.11 shall forthwith furnish a certified copy of such levy to the county auditor or county  
 33.12 auditors of the county or counties in which the cities in and for which the corporation has  
 33.13 been created are located, together with full information regarding the bonds for which the  
 33.14 tax is levied, and such county auditor or such county auditors, as the case may be, shall  
 33.15 enter the same in the register provided for in section 475.62, or a similar register, and shall  
 33.16 extend and assess the tax so levied. If both cities are located wholly within one county, the  
 33.17 county auditor thereof shall annually extend and assess the amount of the tax so levied. If  
 33.18 the cities are located in different counties, the county auditor of each such county shall  
 33.19 annually extend and assess such portion of the tax levied as the net tax capacity of the  
 33.20 taxable property, ~~not including moneys and credits,~~ located wholly within the city in such  
 33.21 county bears to the total net tax capacity of the taxable property, ~~not including moneys and~~  
 33.22 ~~credits,~~ within both cities. Any surplus resulting from the excess levy herein provided  
 33.23 for shall be transferred to a sinking fund after the principal and interest for which the tax  
 33.24 was levied and collected has been paid; provided, that the corporation may, on or before  
 33.25 October 15 in any year, by appropriate action, cause its secretary to certify to the county  
 33.26 auditor, or auditors, the amount on hand and available in its treasury from earnings, or  
 33.27 otherwise, including the amount in the sinking fund, which it will use to pay principal or  
 33.28 interest or both on each specified issue of its bonds, and the county auditor or auditors  
 33.29 shall reduce the levy for that year, herein provided for by that amount. The amount of  
 33.30 funds so certified shall be set aside by the corporation, and be used for no other purpose  
 33.31 than for the payment of the principal and interest of the bonds. All taxes hereunder shall  
 33.32 be collected and remitted to the corporation by the county treasurer or county treasurers,  
 33.33 in accordance with the provisions of law governing the collection of other taxes, and shall  
 33.34 be used solely for the payment of the bonds where due.

33.35 Sec. 36. **REPEALER.**

34.1 (a) Minnesota Statutes 2012, sections 272.02, subdivisions 43, 48, 51, 53, 67, 72,  
34.2 and 82; 272.027, subdivision 2; 273.075; 273.1383; 273.1386; 273.1398, subdivision  
34.3 4b; 273.80; 275.77; 279.32; 281.328; 282.10; 282.23; 289A.56, subdivision 7; 290.06,  
34.4 subdivisions 30 and 31; 290C.06; 291.41; 291.42; 291.43; 291.44; 291.45; 291.46;  
34.5 291.47; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32,  
34.6 and 41; 298.2961, subdivision 7; 469.174, subdivision 10c; 469.175, subdivision 2b;  
34.7 469.176, subdivision 1i; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333;  
34.8 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3,  
34.9 and 5; 469.341; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013  
34.10 Supplement, sections 273.1103; and 298.2961, subdivision 5, and Laws 1993, chapter  
34.11 375, article 9, section 47, are repealed.

34.12 (b) Minnesota Statutes 2012, section 469.1764, is repealed.

34.13 (c) Minnesota Statutes 2012, sections 290.06, subdivision 27; and 290.191,  
34.14 subdivision 4, are repealed.

34.15 (d) Minnesota Statutes 2012, sections 127A.48, subdivision 7; and 273.1115, are  
34.16 repealed.

34.17 (e) Minnesota Statutes 2012, sections 297A.69, subdivision 7; and 297A.70,  
34.18 subdivision 9, are repealed.

34.19 (f) Minnesota Statutes 2012, section 298.75, subdivisions 9 and 11, are repealed.

34.20 **EFFECTIVE DATE.** The provisions of paragraph (a) are effective the day  
34.21 following final enactment.

34.22 The provisions of paragraph (b) are effective the day following final enactment and  
34.23 any remaining unexpended tax increments from a district subject to Minnesota Statutes,  
34.24 section 469.1764, must be distributed as excess increments to the city, county, and school  
34.25 district under Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause  
34.26 (4), on or before December 31, 2014.

34.27 The provisions of paragraph (c) are effective for taxable years beginning after  
34.28 December 31, 2013.

34.29 The provisions of paragraph (d) are effective beginning with property taxes payable  
34.30 in 2015.

34.31 The provisions of paragraph (e) are effective for sales and purchases made after  
34.32 June 30, 2014.

34.33 The provisions of paragraph (f) are effective January 1, 2015, except that the taxes  
34.34 imposed by towns in St. Louis and Otter Tail Counties remain in effect under Minnesota  
34.35 Statutes, section 298.75, subdivision 12.

**127A.48 ADJUSTMENT OF NET TAX CAPACITY.**

Subd. 7. **Adjusted net tax capacity; growth limit.** In the calculation of adjusted net tax capacities for 1987 and each year thereafter, the commissioner of revenue shall not increase the adjusted net tax capacity of taxable property for any district over the adjusted net tax capacity established and filed with the commissioner for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted net tax capacity established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted net tax capacity for the current year calculated without the application of this subdivision and the district's certified adjusted net tax capacity established and filed with the commissioner for the immediately preceding year.

**272.02 EXEMPT PROPERTY.**

Subd. 43. **Personal property; biomass facility.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property, excluding transmission and distribution lines, that is part of a system that generates biomass electric energy that satisfies the mandate, in whole or in part, established in section 216B.2424, or a system that generates electric energy using waste wood, is exempt if it meets the requirements of this subdivision.

(b) The governing bodies of the county, city or town, and school district must each approve, by resolution, the exemption of the personal property under this subdivision. Each of the governing bodies shall file a copy of the resolution with the county auditor. The county auditor shall publish the resolutions in newspapers of general circulation within the county. The voters of the county may request a referendum on the proposed exemption by filing a petition within 30 days after the resolutions are published. The petition must be signed by voters who reside in the county. The number of signatures must equal at least ten percent of the number of persons voting in the county in the last general election. If such a petition is timely filed, the resolutions are not effective until they have been submitted to the voters residing in the county at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum.

(c) The exemption under this subdivision is limited to a maximum of five years, beginning with the assessment year immediately following the year during which the personal property is put in operation.

Subd. 48. **Waste tire cogeneration facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electric generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize waste tires as a primary fuel source; and
- (2) be a cogeneration electric generating facility of 15 to 25 megawatts of installed capacity.

Construction of the facility must be commenced after January 1, 2000, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 51. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined cycle natural gas turbine electric generation facility of between 43 and 46 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize a combined cycle gas turbine generator fueled by natural gas;
- (2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within one mile of the facility;
- (3) be located on an underground natural gas storage aquifer;
- (4) be designed as an intermediate load facility; and
- (5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

Construction of the facility must be commenced after January 1, 2002, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 53. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a 3.2 megawatt

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run-of-the-river hydroelectric generation facility and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize two turbine generators at a dam site existing on March 31, 1994;
- (2) be located on land within 1,500 feet of a 13.8 kilovolt distribution substation; and
- (3) be eligible to receive a renewable energy production incentive payment under section

216C.41.

Construction of the facility must be commenced before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 67. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within ten miles of parallel existing 24-inch and 30-inch natural gas pipelines and a 345-kilovolt high-voltage electric transmission line;
- (4) be designed to provide intermediate energy and ancillary services, and have received a certificate of need under section 216B.243, demonstrating demand for its capacity; and
- (5) have received by resolution, the approval from the governing body of the county and city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

(c) The exemption under this section will take effect only if the owner of the facility enters into agreements with the governing bodies of the county and the city in which the facility is located. The agreements may include a requirement that the facility must pay a host fee to compensate the county and city for hosting the facility.

Subd. 72. **Electric generation facility personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of either a simple-cycle, combustion-turbine electric generation facility, or a combined-cycle, combustion-turbine electric generation facility that does not exceed 325 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize either a simple-cycle or a combined-cycle combustion-turbine generator fueled by natural gas;
- (2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within two miles of the facility;
- (3) be located on an underground natural gas storage aquifer;
- (4) be designed as either a peaking or intermediate load facility; and
- (5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2006, and before January 1, 2008. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 82. **Biomass electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is a part of an electric generation facility, including remote boilers that comprise part of the district heating system, generating up to 30 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize a minimum 90 percent waste biomass as a fuel;
- (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within a city of the first class and have its primary location at a former garbage transfer station; and
- (4) be designed to have capability to provide base-load energy and district heating.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2008. Property eligible for this exemption does not include electric transmission

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lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**272.027 PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.**

Subd. 2. **Exemption for customer owned property transferred to a utility.** (a) Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and

(2) the generating facility is sold to a Minnesota electric utility.

(b) Any tools, implements, and machinery installed to increase generation capacity are also exempt under this section provided that the existing tools, implements, and machinery are exempt under paragraph (a).

**273.075 INSTRUCTIONAL COURSES FOR ASSESSORS AND DEPUTIES.**

Personnel employed as assessors or deputies of said assessor may be enrolled in courses approved by the commissioner of revenue and have the tuition for such course paid for from moneys appropriated by Laws 1971, chapter 931. Such payment shall be made to the University of Minnesota or any other college or institution conducting such an accredited course, provided that such payment may only be made if the application is made by or approved by the taxing district or districts for which the assessor or deputy is employed and the commissioner of revenue.

Two or more taxing districts may join together in enrolling assessors in such approved courses.

**273.1103 NET DEBT, TERMINOLOGY OF LAWS OR CHARTERS.**

Net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of the assessed value or the full and true value of taxable property (except any adjusted assessed value determined by the commissioner under section 273.1325) shall not exceed 33-1/3 percent of such limit until and unless such law or charter is amended to provide a different limit.

**273.1115 AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (m).

Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all of the following requirements are met:

(1) the property is classified as class 1a, 1b, 2a, or 2b property under section 273.13, subdivisions 22 and 23, or the property is classified as class 2e under section 273.13, subdivision 23, and immediately before being classified as class 2e was classified as class 1a or 1b;

(2) the property is at least ten contiguous acres, when the application is filed under subdivision 3;

(3) the owner has filed a completed application for deferment as specified in subdivision 3 with the county assessor in the county in which the property is located;

(4) there are no delinquent taxes on the property; and

(5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

Subd. 3. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 8 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (m), when property is classified as 2e under section 273.13, subdivision 23, paragraph (m).

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In other cases, the application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (m); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

**Subd. 4. Determination of value.** Upon timely application by the owner as provided in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 3 must be valued as if it were agricultural property, using a per acre valuation equal to the current assessment year's average per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

**Subd. 5. Cancellation of covenant.** The covenant required under subdivision 3 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 7 are paid by the owner at the time of cancellation; or

(2) by the city or town in which the property is located beginning with the next subsequent assessment year, if the city council or town board:

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

No additional taxes are imposed on the property under this clause.

**Subd. 6. County termination.** Within two years of May 30, 2008, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received prior to and during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six months of notification, all applications for valuation for deferment received shall be deemed eligible for consideration to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

**Subd. 7. Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 4, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section. The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on these additional taxes if timely paid. The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 8.

**Subd. 8. Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional

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taxes under subdivision 7 must not be imposed on the acres that are actively being mined and have been removed from the program under this section. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 7.

Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 2 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 2, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

#### **273.1383 1997 FLOOD LOSS REPLACEMENT AID.**

Subdivision 1. **Flood net tax capacity loss.** In assessment years 1998, 1999, and 2000, the county assessor of each county listed in section 273.124, subdivision 14, paragraph (d), clause (2), shall compute a hypothetical county net tax capacity based upon market values for the current assessment year and the class rates that were in effect for assessment year 1997. The amount, if any, by which the assessment year 1997 total taxable net tax capacity exceeds the hypothetical taxable net tax capacity shall be known as the county's "flood net tax capacity loss" for the current assessment year. The county assessor of each county whose flood net tax capacity loss for the current year exceeds five percent of its assessment year 1997 total taxable net tax capacity shall certify its flood net tax capacity loss to the commissioner of revenue by August 1 of the assessment year.

Subd. 2. **Flood loss aid.** Each year, each county with a flood net tax capacity loss equal to or greater than five percent of its assessment year 1997 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the county government's average local tax rate for taxes payable in 1998.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each qualifying county's aid amount. If the sum of the aid amounts for all qualifying counties exceeds the appropriation limit, the commissioner shall proportionately reduce each county's aid amount so that the sum of county aid amounts is equal to the appropriation limit. The commissioner shall notify each county of its flood loss aid amount by August 15 of the assessment year. The commissioner shall make payments to each county on or before July 20 of the taxes payable year corresponding to the assessment year.

Subd. 4. **Appropriation.** An amount necessary to fund the aid amounts under this section is annually appropriated from the general fund to the commissioner of revenue in fiscal years 2000, 2001, and 2002, for calendar years 1999, 2000, and 2001. The maximum amount of the appropriation is limited to \$1,700,000 for fiscal year 2000 and \$1,500,000 per year for fiscal years 2001 and 2002. In addition, the amount of the appropriation under Laws 1997, Second Special Session chapter 2, section 9, that the commissioner determines will not be spent for the programs under that section is available to pay the aid amounts under this section.

#### **273.1386 2002 FLOOD LOSS; CITY REPLACEMENT AID.**

Subdivision 1. **Flood net tax capacity loss.** The county assessor of each qualified county shall compute a hypothetical city taxable net tax capacity for each city in the county based upon market values for assessment year 2003 and the class rates that were in effect for assessment year 2002. The amount, if any, by which the assessment year 2002 total taxable net tax capacity of the city exceeds the hypothetical taxable net tax capacity of the city is the city's "flood net tax capacity loss." A county assessor of a qualified county that contains a city that has a flood net tax capacity loss that exceeds five percent of its assessment year 2002 total taxable net tax capacity shall certify the city's flood net tax capacity loss to the commissioner of revenue by August 1, 2003.

As used in this section, a "qualified county" is a county located within the area included in DR-1419.

Subd. 2. **Flood loss aid.** In 2004, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2002 total taxable net tax capacity shall be entitled

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to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2003.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each city's aid amount under this section. The commissioner shall notify each eligible city of its flood loss aid amount by August 15, 2003. The commissioner shall make payments to each city after July 1, and before July 20, 2004.

Subd. 4. **Optional city expenditure.** A city that receives aid under this section may choose to expend a portion of the aid received for repair of county roads located within the city.

Subd. 5. **Appropriation.** The amount necessary to pay the aid amounts under this section in fiscal year 2005, for calendar year 2004, is appropriated to the commissioner of revenue from the general fund.

Subd. 6. **Local government aid appropriation reduction.** The appropriation under section 477A.03, subdivision 2, paragraph (d), for fiscal year 2005 is reduced by the amount appropriated under subdivision 5. The appropriation under section 477A.03, subdivision 3, paragraph (d), for fiscal year 2006 must be based on the appropriation under that paragraph in the previous year before the reduction under this subdivision.

**273.1398 DISPARITY REDUCTION AID AND CREDIT.**

Subd. 4b. **Court expenditures; maintenance of effort.** (a) Until the costs of court administration as defined under section 480.183, subdivision 3, in a county have been transferred to the state, each county in a judicial district transferring court administration costs to state funding after July 1, 2001, shall budget for the funding of these costs an amount at least equal to the certified budget amount for calendar year 2001, increased by six percent for each year from 2001 to 2003 and by eight percent from 2004 to the year of the transfer. The county shall budget, fund, and authorize expenditures not less than the amount calculated under this paragraph.

(b) By July 15, 2001, the court shall certify to each county in the judicial district its cost of court administration as defined under section 480.183, subdivision 3, based on 2001 budgets. In making that determination, the court shall exclude the budget costs of the county for the following categories:

- (1) rent;
- (2) examiner of titles;
- (3) civil court appointed attorneys for civil matters;
- (4) hospitalization costs; and
- (5) cost of maintaining vital statistics.

The amount of funding provided by a county for courts that is increased by the maintenance of effort requirement may not be used by a county to pay the costs described in clauses (1) to (5).

**273.80 DISTRESSED HOMESTEAD REINVESTMENT EXEMPTION.**

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

(b) "Substantially condition deficient" means that repairs estimated to cost at least \$20,000 are necessary to restore a house to sound operating condition, according to prevailing costs of home improvements for the area.

(c) "Sound operating condition" means that a home meets minimal health and safety standards for residential occupancy under applicable housing or building codes.

(d) "Residential rehabilitation consultant" means a person who is employed by a housing services organization recognized by resolution of the city council of the city in which the property is located, and who has been trained in residential housing rehabilitation.

(e) "Census tract" means a tract defined for the 1990 federal census.

Subd. 2. **Eligibility.** An owner-occupied, detached, single-family dwelling is eligible for treatment under this section if it:

- (1) is located in a city of the first class;
- (2) is located in a census tract where the median value of owner-occupied homes is less than 80 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment;
- (3) has an estimated market value less than 60 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment; and
- (4) has been declared to be substantially condition deficient, by a residential rehabilitation consultant.

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Subd. 3. **Qualification.** A home which meets the eligibility requirements of subdivision 2 before May 1, 2003, qualifies for the property tax exemption under subdivision 4 after a residential rehabilitation consultant certifies that the home is in sound operating condition, and that all permits necessary to make the repairs were obtained. An owner need not occupy the dwelling while the necessary repairs are being done, provided that the property is occupied prior to granting the exemption under subdivision 4. All or a part of the repairs necessary to restore the house to sound operating conditions may be done prior to the owner purchasing the property, if those repairs are done by or for a 501(c)(3) nonprofit organization.

Subd. 4. **Property tax exemption.** A home qualifying under subdivision 3 is exempt from all property taxes on the land and buildings for taxes payable for five consecutive years following its certification under subdivision 3, if the property is owned and occupied by the same person who owned it when the home was certified as substantially condition deficient or by the first purchaser from the 501(c)(3) nonprofit organization that repaired the property. To be effective beginning with taxes payable in the following year, the certification must be made by September 1.

Subd. 5. **Assessment; record.** The assessor may require whatever information is necessary to determine eligibility for the tax exemption under this section. During the time that the property is exempt, the assessor shall continue to value the property and record its current value on the tax rolls.

### **275.77 TEMPORARY SUSPENSION OF NEW OR INCREASED MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "maintenance of effort" means a requirement imposed on a political subdivision by state law to continue providing funding of a service or program at a given or increasing level based on its funding of the service and program in prior years;

(2) "matching fund requirement" means a requirement imposed on a political subdivision by state law to fund a portion of a program or service but does not mean required nonstate contributions to state capital funded projects or other nonstate contributions required in order to receive a grant or loan the political subdivision has requested or applied for; and

(3) "political subdivision" means a county, town, or statutory or home rule charter city.

Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law to the contrary, any new maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require spending by a political subdivision shall not be effective until July 1, 2011.

(b) Notwithstanding any other provision of law to the contrary, any changes to existing maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require new spending by a political subdivision shall not be effective until July 1, 2011.

(c) The suspension of changes to existing maintenance of effort and matching fund requirements under paragraph (b) does not apply if the spending is required by federal law and there would be a cost to the state budget without the change.

### **279.32 DELINQUENT TAXES; ENTRY OF JUDGMENT IN CERTAIN CASES.**

Where lands bid in for the state for delinquent taxes between the passage of Laws 1933, chapter 366, and the passage of Laws 1935, chapter 278, have not been assigned to actual purchasers, the county board of the county in which such lands are located may, at any time prior to February 1, 1945, adopt a resolution instructing the county auditor to list such lands as delinquent for taxes for 1942 and to file and docket such list with the court administrator of the district court as though said taxes for 1942 were the first delinquent taxes against said lands and judgment shall be entered and proceedings taken with reference to such lands as though the delinquent taxes for the year 1942 constituted the first instance of real estate tax delinquency with respect thereto; provided, that nothing herein contained shall impair the right of the state to enforce any lien in its favor which has accrued by reason of the delinquency or nonpayment of taxes for any year prior to the year 1942.

### **281.328 STATE ASSIGNMENT CERTIFICATES; VALIDATING.**

Subdivision 1. **Validation of certificates.** Any state assignment certificate duly issued prior to January 1, 1972, for which the time for redemption expired as certified by the county auditor of the county issuing the certificate, and the person to whom the certificate was issued, or the person's heirs and assigns, paid the taxes on the real property described in the certificate since the date thereof, is hereby validated and legalized as against the objection that such certificate was not

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recorded in the office of the county recorder or registrar of titles within seven years from the date of the certificate, as provided by this chapter. Any such state assignment certificate may, after April 6, 1979, be recorded in the office of the proper county recorder or registrar of titles.

Subd. 2. **Applicability.** Nothing herein contained shall affect any action now pending to determine the validity of any instrument validated by this section.

#### **282.10 REIMBURSEMENT OF PURCHASE PRICE IN CERTAIN CASES.**

When, prior to the passage of Laws 1939, chapter 328, the forfeiture to the state for taxes of any parcel of land heretofore sold pursuant to Laws 1935, chapter 386, has been invalidated in a proceeding in court, the purchaser from the state, or the purchaser's assigns, shall be reimbursed out of any money in the forfeited tax sale fund for the amount of the purchase price or the portion thereof actually paid, with interest at four percent. Application for such reimbursement shall be made to the county auditor of the county where such parcel is located and shall be accompanied by a certified copy of the judgment or decree invalidating such forfeiture and a quitclaim deed from the purchaser, or the purchaser's assignee, running to the state in trust for its interested taxing districts as grantee. The county auditor shall present the instruments herein referred to, to the county attorney and, after receiving an opinion, in writing, from the county attorney that the applicant is entitled to reimbursements under this section, shall draw an order upon the county treasurer in favor of the applicant for the sum to which the applicant is entitled, which shall be paid by the treasurer out of the moneys in the forfeited tax sale fund. If there are not sufficient moneys in the fund to pay the order, money to care for the deficiency shall be temporarily transferred from the general revenue fund of the county. After such refundment is made any taxes or assessments heretofore canceled shall be reinstated and the amount of taxes and assessments that would have been levied subsequent to the date of the supposed forfeiture shall be assessed and levied against the land as omitted taxes, and the lien of the state for any such taxes or assessments may be enforced as in other cases where taxes are delinquent.

#### **282.23 SALE OF CERTAIN LANDS FORFEITED FOR TAXES IN 1926 AND 1927.**

In every case where the owner of a tract of land forfeited to the state for taxes for 1926 or 1927 has transferred, or shall hereafter transfer, to the state or to any municipal subdivision thereof all right, title, and interest in such tract of land, the same shall be subject to sale in the usual manner provided by law for the sale of land acquired by the state for taxes.

#### **289A.56 INTEREST ON OVERPAYMENTS.**

Subd. 7. **Biotechnology and health sciences industry zone refunds.** Notwithstanding subdivision 3, for refunds payable under section 297A.68, subdivision 38, interest is computed from 90 days after the refund claim is filed with the commissioner.

#### **290.06 RATES OF TAX; CREDITS.**

Subd. 27. **Tax paid to another state; corporations.** (a) A credit is allowed against the tax imposed under subdivision 1 for tax paid to another state based on net income. The credit must be claimed in a manner prescribed by the commissioner.

(b) The amount of the credit equals the amount of qualifying tax paid to the other state for the taxable year, multiplied by the taxpayer's apportionment percentage under section 290.191. If the item of income or gain is assigned to Minnesota as nonbusiness income, the entire amount of the qualifying tax is allowed as a credit. The maximum amount of the credit is limited to the tax liability under subdivision 1 for the taxable year and, in no case, may the credit exceed the reduction in the amount of tax under subdivision 1 if the item of income or gain were excluded from net income.

(c) For purposes of this subdivision, "qualifying tax" means the amount of tax paid to another state on an item of income or gain for the taxable year, if:

(1) the law of another state requires and the taxpayer assigns the entire amount of the income or gain to one other state; and

(2) the income or gain is included in the measure of the exercise of the corporate franchise that is taxable under subdivision 1.

(d) The amount of tax paid to another state on an item of income or gain is the difference between the tax paid to the state and the amount of tax that would have been paid to the state if the item of income or gain had not been included in the net income of that state.

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(e) The taxpayer must report to the commissioner of revenue any change in tax in the other state, the change in qualifying tax, and a copy of the final determination of the tax by the taxing authority of the other state. A taxpayer who claims the credit consents to extend the period of limitation for the commissioner to recompute the credit and reassess the tax due, including a refund, for a period of one year following a report by the taxpayer of a final determination of tax by the state in which the entire amount of income or gain is reported, notwithstanding any period of limitations to the contrary, or within any applicable period of limitations, whichever is longer. If a taxpayer fails to report as required by this paragraph, the commissioner may recompute the tax, including a refund, based on the information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.

Subd. 30. **Biotechnology and health science industry zone job credit.** A taxpayer that is a qualified business, as defined in section 469.330, subdivision 11, is allowed a credit as determined under section 469.338 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

Subd. 31. **Biotechnology and health science industry zone research and development credit.** A taxpayer that is a qualified business, as defined in section 469.330, subdivision 11, is allowed a credit as determined under section 469.339 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

#### **290.191 APPORTIONMENT OF NET INCOME.**

Subd. 4. **Apportionment formula for certain mail order businesses.** If the business of a corporation, partnership, or proprietorship consists exclusively of the selling of tangible personal property and services at retail, as defined in section 297A.61, subdivision 4, paragraph (a), in response to orders received by United States mail, telephone, facsimile, or other electronic media, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with its trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

#### **290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE; MANAGED FOREST LAND.**

The commissioner shall annually calculate a statewide average estimated market value per acre for class 2c managed forest land under section 273.13, subdivision 23.

#### **291.41 DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 291.41 to 291.47 the terms defined in this section shall have the meanings ascribed to them.

Subd. 2. **Executor.** "Executor" means an executor of the will or administrator of the estate of the decedent, but does not include an ancillary administrator.

Subd. 3. **Taxing official.** "Taxing official" means the commissioner of revenue of this state and the officer or body designated as such in the statute of a reciprocal state substantially similar to sections 291.41 to 291.47.

Subd. 4. **Death tax.** "Death tax" means any tax levied by a state on account of the transfer or shifting of economic benefits in property at death, or in contemplation thereof, or intended to take effect in possession or enjoyment at or after death, whether denominated an "inheritance tax," "transfer tax," "succession tax," "estate tax," "death duty," "death dues," or otherwise.

Subd. 5. **Interested person.** "Interested person" means any person who may be entitled to receive, or who has received any property or interest which may be required to be considered in computing the death tax of any state involved.

#### **291.42 ELECTION TO INVOKE.**

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In any case in which this state and one or more other states each claims that it was the domicile of a decedent at the time of death, at any time prior to the commencement of legal action for determination of domicile within this state or within 60 days thereafter, any executor, or the taxing official of any such state, may elect to invoke the provisions of sections 291.41 to 291.47. Such executor or taxing official shall send a notice of such election by certified mail, receipt requested, to the taxing official of each such state and to each executor, ancillary administrator, and interested person. Within 40 days after the receipt of such notice of election any executor may reject such election by sending a notice, by certified mail, receipt requested, to the taxing officials involved and to all other executors and to all interested parties. When an election has been rejected no further proceedings shall be had under sections 291.41 to 291.47. If such election is not rejected within the 40-day period, the dispute as to death taxes shall be determined solely in accordance with the provisions of sections 291.41 to 291.47. No other proceedings to determine or assess such death taxes shall thereafter be instituted in any court of this state or otherwise.

#### **291.43 AGREEMENTS AS TO DEATH TAX.**

In any case in which an election is made and not rejected the commissioner of revenue of this state may enter into a written agreement with the other taxing officials involved and with the executors to accept a certain sum in full payment of any death taxes, together with interest and penalties, that may be due this state, provided this agreement fixes the amount to be paid the other states involved in the dispute.

#### **291.44 DETERMINATION OF DOMICILE.**

If in any such case it appears that an agreement cannot be reached, as provided in section 291.43, or if one year shall have elapsed from the date of the election without such an agreement having been reached, the domicile of the decedent at the time of death shall be determined solely for death tax purposes as follows:

(1) Where only this state and one other state are involved, the commissioner of revenue and the taxing official of the other state shall each appoint a member of a board of arbitration, and these members shall appoint the third member of the board. If this state and more than one other state are involved, the taxing officials thereof shall agree upon the authorities charged with the duty of administering death tax laws in three states not involved in the dispute and each of these authorities shall appoint a member of the board of arbitration. The board shall select one of its members as chair.

(2) Such board shall hold hearing at such places as are deemed necessary, upon reasonable notice to the executors, ancillary administrators, all other interested persons, and to the taxing officials of the states involved, all of whom are entitled to be heard.

(3) Such board may administer oaths, take testimony, subpoena witnesses and require their attendance, require the production of books, papers, and documents, issue commissions to take testimony. Subpoenas may be issued by any member of the board. Failure to obey a subpoena may be punished by any court of record in the same manner as if the subpoena had been issued by such court.

(4) Whenever practicable such board shall apply the Rules of Evidence then prevailing in the federal courts under the federal Rules of Civil Procedure.

(5) Such board shall determine the domicile of the decedent at the time of death. This determination is final and conclusive and binds this state, and all of its judicial and administrative officials on all questions concerning the domicile of the decedent for death tax purpose.

(6) The reasonable compensation and expenses of the members of the board and its employees shall be agreed upon among such members, the taxing officials involved, and the executors. If an agreement cannot be reached, such compensation and expenses shall be determined by such taxing officials; and, if they cannot agree, by the appropriate court having probate jurisdiction of the state determined to be the domicile. Such amount shall be borne by the estate and shall be deemed an administration expense.

(7) The determination of such board and the record of its proceeding shall be filed with the authority having jurisdiction to assess the death tax in the state determined to be the domicile of the decedent and with the authorities which would have had jurisdiction to assess the death tax in each of the other states involved if the decedent had been found to be domiciled therein.

#### **291.45 ACCEPTANCE OF AGREED SUM IN FULL PAYMENT.**

Notwithstanding the commencement of a legal action for determination of domicile within this state or the commencement of an arbitration proceeding, as provided in section 291.44, the

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commissioner of revenue of this state may in any case enter into a written agreement with the other taxing officials involved and with the executors to accept a certain sum in full payment of any death tax, together with interest and penalties, that may be due this state, provided this agreement fixes the amount to be paid the other states involved in the dispute, at any time before such proceeding is concluded. Upon the filing of this agreement with the authority which would have jurisdiction to assess the death tax of this state, if the decedent died domiciled in this state, an assessment shall be made as provided in such agreement, and this assessment finally and conclusively fixes the amount of death tax due this state. If the aggregate amount payable under such agreement or under an agreement made in accordance with the provisions of section 291.43 to the states involved is less than the minimum credit allowable to the estate against the United States estate tax imposed with respect thereto, the executor forthwith shall also pay to the commissioner of revenue of this state the same percentage of the difference between such aggregate amount of such credit as the amount payable to such commissioner under such agreement bears to such aggregate amount.

#### **291.46 PENALTIES, INTEREST; LIMITATION.**

When in any case the board of arbitration determines that a decedent died domiciled in this state, the total amount of interest and penalties for nonpayment of the tax, between the date of the election and the final determination of the board, shall not exceed ten percent of the amount of the taxes per annum.

#### **291.47 APPLICATION.**

Sections 291.41 to 291.47 apply only to cases in which each of the states involved in the dispute has in effect therein a law substantially similar to sections 291.41 to 291.47.

#### **297A.68 BUSINESS EXEMPTIONS.**

Subd. 38. **Biotechnology and health sciences industry zone.** (a) Purchases of tangible personal property or taxable services by a qualified business, as defined in section 469.330, are exempt if the property or services are primarily used or consumed in a biotechnology and health sciences industry zone designated under section 469.334.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in a biotechnology and health sciences industry zone are exempt if the improvements after completion of construction are to be used in the conduct of a qualified business, as defined in section 469.330. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax regardless of whether the local sales tax is imposed on the sales taxable as defined under this chapter.

(d)(1) The tax on sales of goods or services exempted under this subdivision are imposed and collected as if the applicable rate under section 297A.62 applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the tax paid must be paid to the purchaser. The application must include sufficient information to permit the commissioner to verify the sales tax paid and the eligibility of the claimant to receive the credit. No more than two applications for refunds may be filed under this subdivision in a calendar year. The provisions of section 289A.40 apply to the refunds payable under this subdivision.

(2) The amount required to make the refunds is annually appropriated to the commissioner of revenue.

(3) The aggregate amount refunded to a qualified business must not exceed the amount allocated to the qualified business under section 469.335.

(e) This subdivision applies only to sales made during the duration of the designation of the zone.

#### **297A.69 AGRICULTURAL EXEMPTIONS.**

Subd. 7. **Feed for poultry raised for human consumption.** Poultry feed is exempt if the poultry is raised for human consumption.

#### **297A.70 EXEMPTIONS FOR GOVERNMENTS AND NONPROFIT GROUPS.**

Subd. 9. **Sacramental wine.** Wine for sacramental purposes in religious ceremonies, as described in section 340A.316, is exempt if the wine is purchased from a nonprofit religious

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organization meeting the requirements of subdivision 4 or from a person authorized to import sacramental wine without a license as provided in section 340A.316.

**297A.71 CONSTRUCTION EXEMPTIONS.**

Subd. 4. **Lake Superior Center.** Building materials and supplies for construction of the Lake Superior Center are exempt.

Subd. 5. **Science Museum.** Building materials and supplies for construction of the Science Museum of Minnesota are exempt.

Subd. 7. **Alfalfa processing facility.** Building materials and supplies for constructing a facility that either develops market-value agricultural products made from alfalfa leaf material, or produces biomass energy fuel or electricity from alfalfa stems in accordance with the biomass mandate imposed under section 216B.2424 are exempt if the total capital investment made in the value-added agricultural products and biomass electric generation facilities is at least \$50,000,000.

Subd. 9. **Direct satellite broadcasting facility.** Building materials and supplies for constructing a new facility in Minnesota for providing Federal Communications Commission licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-GHz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 16, are exempt if construction of the facility was commenced after June 30, 1993. All machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services are also exempt.

Subd. 10. **Aircraft heavy maintenance facility.** Materials, equipment, and supplies used or consumed in constructing a heavy maintenance facility for aircraft that is to be owned by the state of Minnesota or one of its political subdivisions and leased by an airline company is exempt. Except for equipment owned or leased by a contractor, all machinery, equipment, and tools necessary to the construction and equipping of that facility in order to provide those services are also exempt.

Subd. 17. **Environmental learning center.** Construction materials and supplies are exempt if they are used or consumed in constructing or improving the Long Lake Conservation Center pursuant to the funding provided under Laws 1994, chapter 643, section 23, subdivision 28, as amended by Laws 1995, First Special Session chapter 2, article 1, section 48; Laws 1996, chapter 463, section 7, subdivision 26; and Laws 1997, chapter 246, section 24. The tax must be calculated and paid as if the rate in section 297A.62, subdivision 1, was in effect and a refund applied for in the manner prescribed in section 297A.75.

Subd. 18. **Soybean oilseed processing and refining facility.** Construction materials and supplies are exempt if:

- (1) the materials and supplies are used or consumed in constructing a facility for soybean oilseed processing and refining;
- (2) the total capital investment made in the facility is at least \$60,000,000; and
- (3) the facility is constructed by a Minnesota-based cooperative organized under chapter 308A.

Subd. 20. **Construction materials and supplies; beef processing facility.** Materials and supplies used or consumed in, and equipment incorporated into, the expansion, remodeling, or improvement of a facility used for cattle slaughtering are exempt if:

- (1) the cost of the project is expected to exceed \$15,000,000;
- (2) the expansion, remodeling, or improvement of the facility will be used to fabricate beef;
- (3) the number of jobs at the facility is expected to increase by at least 150 when the project is completed; and
- (4) the project is expected to be completed by December 31, 2001.

Subd. 32. **Walker Art Center.** Materials, equipment, and supplies used or consumed in construction of the Walker Art Center are exempt if more than \$70,000,000 is raised from private sources to pay for a portion of the costs of the project.

Subd. 41. **Construction materials; meat processing facility.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of a meat processing facility are exempt. This facility must be constructed to replace a meat processing facility destroyed in a fire in April 2009, that employed more than 200 employees at the time of the destruction. The tax must be imposed and collected as if the rate under section 297A.62,

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subdivision 1, applied and then refunded after June 30, 2011, in the manner provided in section 297A.75.

**298.2961 PRODUCER GRANTS.**

Subd. 5. **Public works and local economic development fund.** For distributions in 2007 only, a special fund is established to receive 38.4 cents per ton that otherwise would be allocated under section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

- (1) 13.4 cents per ton for the Central Iron Range Sanitary Sewer District for construction of a combined wastewater facility and notwithstanding section 298.28, subdivision 11, paragraph (a), or any other law, interest accrued on this money while held by St. Louis County shall also be distributed to the recipient;
- (2) six cents per ton to the city of Eveleth to redesign and design and construct improvements to renovate its water treatment facility;
- (3) one cent per ton for the East Range Joint Powers Board to acquire land for and to design a central wastewater collection and treatment system;
- (4) 0.5 cents per ton to the city of Hoyt Lakes to repair Leeds Road;
- (5) 0.7 cents per ton to the city of Virginia to extend Eighth Street South;
- (6) 0.7 cents per ton to the city of Mountain Iron to repair Hoover Road;
- (7) 0.9 cents per ton to the city of Gilbert for alley repairs between Michigan and Indiana Avenues and for repayment of a loan to the Minnesota Department of Employment and Economic Development;
- (8) 0.4 cents per ton to the city of Keewatin for a new city well;
- (9) 0.3 cents per ton to the city of Grand Rapids for planning for a fire and hazardous materials center;
- (10) 0.9 cents per ton to Aitkin County Growth for an economic development project for peat harvesting;
- (11) 0.4 cents per ton to the city of Nashwauk to develop a comprehensive city plan;
- (12) 0.4 cents per ton to the city of Taconite for development of a city comprehensive plan;
- (13) 0.3 cents per ton to the city of Marble for water and sewer infrastructure;
- (14) 0.8 cents per ton to Aitkin County for improvements to the Long Lake Environmental Learning Center;
- (15) 0.3 cents per ton to the city of Coleraine for the Coleraine Technology Center;
- (16) 0.5 cents per ton to the Economic Development Authority of the city of Grand Rapids for planning for the North Central Research and Technology Laboratory;
- (17) 0.6 cents per ton to the city of Bovey for sewer and water extension;
- (18) 0.3 cents per ton to the city of Calumet for infrastructure improvements; and
- (19) ten cents per ton to the commissioner of Iron Range Resources and Rehabilitation for deposit in a Highway 1 Corridor Account established by the commissioner, to be distributed by the commissioner to any of the cities of Babbitt, Cook, Ely, or Tower, for economic development projects approved by the board; notwithstanding section 298.28, subdivision 11, paragraph (a), or any other law, interest accrued on this money while held by St. Louis County or the commissioner shall also be distributed to the recipient.

Subd. 7. **2010 distributions only.** For distributions in 2010 only, a special fund is established to receive the sum of the following amounts that otherwise would be allocated under section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

- (1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;
- (2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;
- (3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;
- (4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;
- (5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;
- (6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;
- (7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

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- (8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;
- (9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;
- (10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;
- (11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;
- (12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;
- (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil corrections. This amount must be matched by local sources;
- (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;
- (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;
- (16) 0.159 cent per ton must be paid to Aitkin County for a trail;
- (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad crossing;
- (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping of the community center parking lot;
- (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;
- (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements, milling, and overlay for Summit Street between Alaska Avenue and Highway 135;
- (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main replacements and improvements in the Northeast Lower Alley area;
- (22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz Road culvert;
- (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon Street and associated infrastructure;
- (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements at the Park Ridge development;
- (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and site preparation for its renewable and sustainable energy park;
- (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer improvements;
- (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding for the Summit Addition;
- (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility improvements;
- (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer infrastructure improvements;
- (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer improvements;
- (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge improvements and land purchase, provided that if the city sells or otherwise disposes of any of the land purchased with the money provided under this clause within a period of ten years after it was purchased, the city must transfer a portion of the proceeds of the sale equal to the amount of the purchase price paid from the money provided under this clause to the commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite environmental protection fund to be used for the purposes of the fund under section 298.223;
- (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer improvements;
- (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer improvements;
- (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer improvements;
- (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer improvements;
- (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure improvements;
- (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure improvements;
- (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

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(39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project infrastructure improvements;

(40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety improvements at the athletic facility;

(41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street improvements;

(42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure related to a housing development;

(43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

(44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit for a signage kiosk;

(45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines and adjacent development near County State-Aid Highway 24; and

(46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall infrastructure around the athletic complex.

#### **298.75 AGGREGATE MATERIAL REMOVAL; PRODUCTION TAX.**

Subd. 9. **Tax may be imposed; St. Louis County towns.** (a) If the St. Louis County Board does not approve Laws 1997, chapter 231, article 8, section 12, as provided in Laws 1997, chapter 231, article 8, section 18, each of the following towns in St. Louis County may impose the aggregate materials tax under this section: the towns of Alden, Brevator, Canosia, Duluth, Fredenburg, Gnesen, Grand Lake, Industrial, Lakewood, Midway, Normanna, North Star, Rice Lake, and Solway.

(b) For purposes of exercising the powers contained in this section, the "town" is deemed to be the "county."

(c) In those towns located in St. Louis County that impose the tax under this section, all provisions in this section shall apply to those towns, except that in lieu of the distribution of the tax proceeds under subdivision 7, all proceeds from this tax shall be retained by each of the towns that impose the tax.

(d) A tax imposed under this subdivision is effective in the town that approves it the day after compliance by the town with the requirements of section 645.021, subdivision 3.

Subd. 11. **Tax may be imposed; Otter Tail County.** (a) If Otter Tail County does not impose a tax under this section and approves imposition of the tax under this subdivision, the town of Scambler in Otter Tail County may impose the aggregate materials tax under this section.

(b) For purposes of exercising the powers contained in this section, the "town" is deemed to be the "county."

(c) All provisions in this section apply to the town of Scambler, except that all proceeds of the tax must be retained by the town and used for the purposes described in subdivision 7.

(d) If Otter Tail County imposes an aggregate materials tax under this section, the tax imposed by the town of Scambler under this subdivision is repealed on the effective date of the Otter Tail County tax.

#### **469.174 DEFINITIONS.**

Subd. 10c. **Compact development district.** "Compact development 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 the following conditions are satisfied:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings or similar structures that are classified as class 3a property under section 273.13, subdivision 24; and

(2) the planned redevelopment or development of the district, when completed, will increase the total square footage of buildings, classified as class 3a under section 273.13, subdivision 24, occupying the district by three times or more relative to the square footage of similar buildings occupying the district when the resolution was approved.

#### **469.175 ESTABLISHING, CHANGING PLAN, ANNUAL ACCOUNTS.**

Subd. 2b. **Compact development districts; sunset.** The authority to establish or approve the tax increment financing plan for a new compact development district expires on June 30, 2012.

#### **469.176 LIMITATIONS.**

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Subd. 1i. **Compact development districts.** Tax increments derived from a compact development district may be used only to pay:

- (1) administrative expenses up to the amount permitted under subdivision 3;
- (2) the cost of acquiring land located in the district or abutting the boundary of the district;
- (3) demolition and removal of buildings or other improvements and other site preparation costs for lands located in the district or abutting the boundary of the district; and
- (4) installation of public infrastructure or public improvements serving the district, but excluding the costs of streets, roads, highways, parking, or other public improvements primarily designed to serve private passenger motor vehicles.

**469.1764 PRE-1982 DISTRICTS; POOLING RULES.**

Subdivision 1. **Scope; application.** (a) This section applies to a tax increment financing district or area added to a district, if the request for certification of the district or the area added to the district was made after July 31, 1979, and before July 1, 1982.

(b) This section, section 469.1763, subdivision 6, and any special law applying to the district are the exclusive authority to spend tax increments on activities located outside of the geographic area of a tax increment financing district that is subject to this section.

(c) This section does not apply to increments from a district that is subject to the provisions of this section, if:

- (1) the district was decertified before the enactment of this section and all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2; or
- (2) the use of increments on activities located outside of the geographic area of the district consists solely of payment of debt service on bonds under section 469.129, subdivision 2, before its repeal, and any bonds issued to refund bonds issued under that subdivision.

Subd. 2. **State auditor notification.** By August 1, 1999, the state auditor shall notify in writing each authority for which the auditor has records that the authority has a district subject to this section.

Subd. 3. **Ratification of past spending.** The following expenditures of increments on activities located outside of the geographic area of a district subject to this section are permitted:

- (1) expenditures made before the earlier of (i) notification by the state auditor or (ii) December 31, 1999; and
- (2) expenditures to pay preexisting outside district obligations.

Subd. 4. **Decertification required.** (a) The provisions of this subdivision apply to any tax increment financing district subject to this section, if increments from the district were used on activities located outside of the geographic area of the district.

(b) After December 31, 1999, any tax increments received by the authority from a district subject to this subdivision may be expended only to pay:

- (1) preexisting in-district obligations;
- (2) preexisting outside district obligations; and
- (3) administrative expenses.

After all preexisting obligations have been paid or defeased, the district must be decertified and any remaining increments distributed as excess increments under section 469.176, subdivision 2.

Subd. 5. **Definitions.** (a) "Notification by the state auditor" means the receipt by the authority or the municipality of the final written notification from the state auditor that its expenditures of increments from the district on activities located outside of the geographic area of the district were not in compliance with state law.

(b) "Preexisting outside district obligations" means:

- (1) bonds secured by increments from a district subject to this section and used to finance activities outside the geographic area of the district, if the bonds were issued and the pledge of increment was made before the earlier of (i) notification by the state auditor, or (ii) April 1, 1999;
- (2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and
- (3) binding written agreements secured by the increments from the district subject to this section and used to finance activities outside the geographic area of the district, if the agreement was entered before the earlier of (i) notification by the state auditor or (ii) May 1, 1999.

(c) "Preexisting in-district obligations" means:

- (1) bonds secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the bonds were issued and the pledge of increments was made before April 1, 1999;

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(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the agreements were entered into and the pledge of increments was made before June 30, 1999.

#### **469.177 COMPUTATION OF TAX INCREMENT.**

Subd. 10. **Payment to school for referendum levy.** (a) The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new local tax rates or an increase in local tax rates after the tax increment financing district was certified.

(b)(1) If there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the local tax rate under the referendum.

(2) If clause (1) does not apply, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the local tax rate under the referendum.

(c) The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

#### **469.330 DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 469.330 to 469.341, the following terms have the meanings given.

Subd. 2. **Applicant.** "Applicant" means a local government unit or units applying for designation of an area as a biotechnology and health sciences industry zone or a joint powers board, established under section 471.59, acting on behalf of two or more local government units.

Subd. 3. **Biotechnology and health sciences industry facility.** "Biotechnology and health sciences industry facility" means one or more facilities or operations involved in:

(1) researching, developing, and/or manufacturing a biotechnology product or service or a biotechnology-related health sciences product or service;

(2) researching, developing, and/or manufacturing a biotechnology medical device product or service or a biotechnology-related medical device product or service; or

(3) promoting, supplying, or servicing a facility or operation involved in clause (1) or (2), if the business derives more than 50 percent of its gross receipts from those activities.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 5. **Development plan.** "Development plan" means a plan meeting the requirements of section 469.331.

Subd. 6. **Biotechnology and health sciences industry zone or zone.** "Biotechnology and health sciences industry zone" or "zone" means a zone designated by the commissioner under section 469.334.

Subd. 7. **Biotechnology and health sciences industry zone percentage or zone percentage.** "Biotechnology and health sciences industry zone percentage" or "zone percentage" means the following fraction reduced to a percentage:

(1) the numerator of the fraction is:

(i) the ratio of the taxpayer's property factor under section 290.191 located in the zone for the taxable year over the property factor numerator determined under section 290.191, plus

(ii) the ratio of the taxpayer's biotechnology and health sciences industry zone payroll factor under subdivision 8 over the payroll factor numerator determined under section 290.191; and

(2) the denominator of the fraction is two.

When calculating the zone percentage for a business that is part of a unitary business as defined under section 290.17, subdivision 4, the denominator of the payroll and property factors is the Minnesota payroll and property of the unitary business as reported on the combined report under section 290.17, subdivision 4, paragraph (j).

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Subd. 8. **Biotechnology and health sciences industry zone payroll factor.** "Biotechnology and health sciences industry zone payroll factor" or "biotechnology and health sciences industry zone payroll" is that portion of the payroll factor under section 290.191 that represents:

- (1) wages or salaries paid to an individual for services performed for a qualified business in a biotechnology and health sciences industry zone; or
- (2) wages or salaries paid to individuals working from offices of a qualified business within a biotechnology and health sciences industry zone if their employment requires them to work outside the zone and the work is incidental to the work performed by the individual within the zone.

Subd. 9. **Local government unit.** "Local government unit" means a statutory or home rule charter city, county, town, or school district.

Subd. 10. **Person.** "Person" includes an individual, corporation, partnership, limited liability company, association, or any other entity.

Subd. 11. **Qualified business.** (a) "Qualified business" means a person carrying on a trade or business at a biotechnology and health sciences industry facility located within a biotechnology and health sciences industry zone. A person is a qualified business only on those parcels of land for which it has entered into a business subsidy agreement, as required under section 469.333, with the appropriate local government unit in which the parcels are located.

(b) A person that relocates a biotechnology and health sciences industry facility from outside a biotechnology and health sciences industry zone into a zone is not a qualified business, unless the business:

(1)(i) increases full-time employment in the first full year of operation within the biotechnology and health sciences industry zone by at least 20 percent measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; or

(ii) makes a capital investment in the property located within a zone equivalent to ten percent of the gross revenues of operation that were relocated in the immediately preceding taxable year; and

(2) enters a binding written agreement with the commissioner that:

(i) pledges the business will meet the requirements of clause (1);

(ii) provides for repayment of all tax benefits enumerated under section 469.336 to the business under the procedures in section 469.340, if the requirements of clause (1) are not met; and

(iii) contains any other terms the commissioner determines appropriate.

Subd. 12. **Relocates.** (a) "Relocates" means that the trade or business:

(1) ceases one or more operations or functions at another location in Minnesota and begins performing substantially the same operations or functions at a location in a biotechnology and health sciences industry zone; or

(2) reduces employment at another location in Minnesota during a period starting one year before and ending one year after it begins operations in a biotechnology and health sciences industry zone and its employees in the biotechnology and health sciences industry zone are engaged in the same line of business as the employees at the location where it reduced employment.

(b) "Relocate" does not include an expansion by a business that establishes a new facility that does not replace or supplant an existing operation or employment, in whole or in part.

**469.331 DEVELOPMENT PLAN.**

(a) An applicant for designation of a biotechnology and health sciences industry zone must adopt a written development plan for the zone before submitting the application to the commissioner.

(b) The development plan must contain, at least, the following:

(1) a map of the proposed zone that indicates the geographic boundaries of the zone, the total area, and present use and conditions generally of the land and structures within those boundaries;

(2) evidence of community support and commitment from local government, local workforce investment boards, school districts, and other education institutions, business groups, and the public;

(3) a description of the methods proposed to increase economic opportunity and expansion, facilitate infrastructure improvement, reduce the local regulatory burden, and identify job-training opportunities;

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(4) current social, economic, and demographic characteristics of the proposed zone and anticipated improvements in education, health, human services, and employment if the zone is created;

(5) a description of anticipated activity in the zone and each subzone, including, but not limited to, industrial use and industrial site reuse;

(6) a description of the tax exemptions under section 469.336 to be provided to each qualifying business based on a development agreement between the applicant and each qualified business. The development agreement must also state any obligations the qualified business must fulfill in order to be eligible for tax benefits; and

(7) any other information required by the commissioner.

#### **469.332 ZONE LIMITS.**

Subdivision 1. **Maximum size.** A biotechnology and health sciences industry zone may not exceed 5,000 acres.

Subd. 2. **Subzones.** The area of a biotechnology and health sciences industry zone may consist of one or more noncontiguous areas or subzones.

Subd. 3. **Duration limit.** The maximum duration of a zone is 12 years. The applicant may request a shorter duration. The commissioner may specify a shorter duration, regardless of the requested duration.

#### **469.333 APPLICATION FOR DESIGNATION.**

Subdivision 1. **Who may apply.** One or more local government units, or a joint powers board under section 471.59, acting on behalf of two or more units, may apply for designation of an area as a biotechnology and health sciences industry zone. All or part of the area proposed for designation as a zone must be located within the boundaries of each of the governmental units. A local government unit may not submit or have submitted on its behalf more than one application for designation of a biotechnology and health sciences industry zone.

Subd. 2. **Application content.** The application must include:

(1) a development plan meeting the requirements of section 469.331;

(2) the proposed duration of the zone, not to exceed 12 years;

(3) a resolution or ordinance adopted by each of the cities or towns and the counties in which the zone is located, agreeing to provide all of the local sales and use tax exemptions provided under section 469.336;

(4) an agreement by the applicant to treat incentives provided under the zone designation as business subsidies under sections 116J.993 to 116J.995 and to comply with the requirements of that law; and

(5) supporting evidence to allow the commissioner to evaluate the application under the criteria in section 469.334.

#### **469.334 DESIGNATION OF ZONE.**

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, may designate biotechnology and health sciences industry zones. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may consult with the applicant prior to the designation of the zone. The commissioner may modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modifications and provide a statement of the reasons for the modifications.

Subd. 2. **Need indicators.** (a) In evaluating applications to determine the need for designation of a biotechnology and health sciences industry zone, the commissioner shall consider the following factors as indicators of need:

(1) the extent to which land in proximity to a significant scientific research institution could be developed as a higher and better use for biotechnology and health sciences industry facilities;

(2) the amount of property in or near the zone that is deteriorated or underutilized; and

(3) the extent to which property in the area would remain underdeveloped or nonperforming due to physical characteristics.

(b) The commissioner may require applicants to provide data to demonstrate how the area meets one or more of the indicators of need.

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Subd. 3. **Success indicators.** In determining the likelihood of success of a proposed zone, the commissioner shall consider:

(1) applicants that show a viable link between a higher education/research institution, the biotechnology and/or medical devices business sectors, and one or more units of local government with a development plan;

(2) the extent to which the area has substantial real property with adequate infrastructure and energy to support new or expanded development;

(3) the strength and viability of the proposed development goals, objectives, and strategies in the development plan;

(4) whether the development plan is creative and innovative in comparison to other applications;

(5) local public and private commitment to development of a biotechnology and health sciences industry facility or facilities in the proposed zone and the potential cooperation of surrounding communities;

(6) existing resources available to the proposed zone;

(7) how the designation of the zone would relate to other economic and community development projects and to regional initiatives or programs;

(8) how the regulatory burden will be eased for biotechnology and health sciences industry facilities located in the proposed zone;

(9) proposals to establish and link job creation and job training in the biotechnology and health sciences industry with research/educational institutions; and

(10) the extent to which the development is directed at encouraging, and that designation of the zone is likely to result in, the creation of high-paying jobs.

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (e) applies to the designation of the first biotechnology and health sciences industry zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

(f) Additional zones may be designated in later years, only after the commissioner of employment and economic development has established criteria for expanding the number of zones. The criteria must limit designating a new zone to a community that has adequate resources and infrastructure to support bioindustry, including postsecondary institutions, strong health care systems, and existing bioscience companies. It must also require that a new zone be located on a transportation corridor.

### **469.335 APPLICATION FOR TAX BENEFITS.**

(a) To claim a tax credit or exemption against a state tax under section 469.336, a business must apply to the commissioner for a tax credit certificate. As a condition of its application, the business must agree to furnish information to the commissioner that is sufficient to verify the eligibility for any credits or exemptions claimed. The total amount of the state tax credits and exemptions allowed for the specified period may not exceed the amount of the tax credit certificates provided by the commissioner to the business. The commissioner must verify to the commissioner of revenue the amount of tax exemptions or credits for which each business is eligible.

(b) A tax credit certificate issued under this section may specify the particular tax exemptions or credits against a state tax that the qualified business is eligible to claim under section 469.336, and the amount of each exemption or credit allowed.

(c) The commissioner may issue \$1,000,000 of tax credits or exemptions in fiscal year 2004. Any tax credits or exemptions not awarded in fiscal year 2004 may be awarded in fiscal year 2005.

(d) A qualified business must use the tax credits or tax exemptions granted under this section by the later of the end of the state fiscal year or the taxpayer's tax year in which the credits or exemptions are granted.

### **469.336 TAX INCENTIVES AVAILABLE IN ZONES.**

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Qualified businesses that operate in a biotechnology and health sciences industry zone, individuals who invest in a qualified business that operates in a biotechnology and health sciences industry zone, and property of a qualified business located in a biotechnology and health sciences industry zone qualify for:

- (1) exemption from corporate franchise taxes as provided under section 469.337;
- (2) exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in section 297A.68, subdivision 38;
- (3) research and development credits as provided under section 469.339;
- (4) jobs credits as provided under section 469.338.

**469.337 CORPORATE FRANCHISE TAX EXEMPTION.**

(a) A qualified business is exempt from taxation under section 290.02, the alternative minimum tax under section 290.0921, and the minimum fee under section 290.0922, on the portion of its income attributable to operations of a qualified business within the biotechnology and health sciences industry zone. This exemption is determined as follows:

- (1) for purposes of the tax imposed under section 290.02, by multiplying its taxable net income by its zone percentage and subtracting the result in determining taxable income;
- (2) for purposes of the alternative minimum tax under section 290.0921, by multiplying its alternative minimum taxable income by its zone percentage and reducing alternative minimum taxable income by this amount; and
- (3) for purposes of the minimum fee under section 290.0922, by excluding zone property and payroll from the computations of the fee. The qualified business is exempt from the minimum fee if all of its property is located in the zone and all of its payroll is zone payroll.

(b) No subtraction is allowed under this section in excess of 20 percent of the sum of the corporation's biotechnology and health sciences industry zone payroll and the adjusted basis of the property at the time that the property is first used in the biotechnology and health sciences industry zone by the corporation.

(c) No reduction in tax is allowed in excess of the amount allocated under section 469.335.

**469.338 JOBS CREDIT.**

Subdivision 1. **Credit allowed.** A qualified business is allowed a credit against the taxes imposed under chapter 290.

The credit equals seven percent of the:

- (1) lesser of:
  - (i) zone payroll for the taxable year, less the zone payroll for the base year; or
  - (ii) total Minnesota payroll for the taxable year, less total Minnesota payroll for the base year; minus
- (2) \$30,000 multiplied by the number of full-time equivalent employee positions that the qualified business employs in the biotechnology and health sciences industry zone for the taxable year, minus the number of full-time equivalent employees the business employed in the zone in the base year, but not less than zero.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meaning given.

(b) "Base year" means the taxable year beginning during the calendar year in which the commissioner designated the zone.

(c) "Full-time equivalent employee position" means the equivalent of annualized expected hours of work equal to 2,080 hours.

(d) "Minnesota payroll" means the wages or salaries attributed to Minnesota under section 290.191, subdivision 12, for the qualified business or the unitary business of which the qualified business is a part, whichever is greater.

(e) "Zone payroll" means wages or salaries used to determine the zone payroll factor for the qualified business.

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2004, the dollar amount in subdivision 1, clause (2), is annually adjusted for inflation. The commissioner of revenue shall adjust the amount by the percentage determined under section 290.06, subdivision 2d, for the taxable year.

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Subd. 4. **Refundable.** If the amount of the credit calculated under this section and allocated to the qualified business under section 469.335 exceeds the liability for tax under chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

**469.339 CREDIT FOR MORE RESEARCH IN ZONE.**

Subdivision 1. **Credit allowed.** A corporation, other than a corporation treated as an "S" corporation under section 290.9725, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to:

- (1) five percent of the first \$2,000,000 of the excess (if any) of (i) the qualified research expenses for the taxable year, over (ii) the base amount; and
- (2) 2.5 percent of all such excess expenses over \$2,000,000.

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

(b) "Qualified research expenses" means qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code.

(c) "Qualified research" means activities in the fields of biotechnology or health sciences that are "qualified research" as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the biotechnology and health sciences industry zone.

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

(e) "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

Subd. 3. **Refundable credit.** If the credit determined under this section and allocated to the taxpayer under section 469.335 for the taxable year exceeds the taxpayer's liability for tax for the year, the commissioner shall refund the difference to the taxpayer.

Subd. 4. **Partnerships.** For partnerships, the credit is allocated in the same manner provided by section 41(f)(2) of the Internal Revenue Code.

Subd. 5. **Adjustments; acquisitions and dispositions.** If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code.

Subd. 6. **Interaction; regular research credit.** Any amount used to calculate a credit under this section may not be used to generate a credit under section 290.068.

**469.340 REPAYMENT OF TAX BENEFITS.**

Subdivision 1. **Repayment obligation.** A business must repay the amount of the tax reduction listed in section 469.336 and any refunds under sections 469.338 and 469.339 in excess of tax liability, received during the two years immediately before it ceased to operate in the zone, if the business:

- (1) received tax reductions authorized by section 469.336; and
- (2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner of employment and economic development may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or
- (ii) ceased to operate its facility located within the biotechnology and health sciences industry zone or otherwise ceases to be or is not a qualified business.

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

(b) "Business" means any person who received tax benefits enumerated in section 469.336.

(c) "Commissioner" means the commissioner of revenue.

Subd. 3. **Disposition or repayment.** The repayment must be paid to the state to the extent it represents a state tax reduction and to the county to the extent it represents a property tax reduction. Any amount repaid to the state must be deposited in the general fund. Any amount repaid to the county for the property tax exemption must be distributed to the local governments with authority to levy taxes in the zone in the same manner provided for distribution of payment

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of delinquent property taxes. Any repayment of local sales taxes must be repaid to the city or county imposing the local sales tax.

Subd. 5. **Waiver authority.** The commissioner may waive all or part of a repayment, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

**469.341 ZONE PERFORMANCE; REMEDIES.**

Subdivision 1. **Reporting requirement.** An applicant receiving designation of a biotechnology and health sciences industry zone under section 469.334 must annually report to the commissioner on its progress in meeting the zone performance goals under the development plan for the zone and the applicant's compliance with the business subsidy law under sections 116J.993 to 116J.995.

Subd. 2. **Procedures.** For reports required by subdivision 1, the commissioner may prescribe:

- (1) the required time or times by which the reports must be filed;
- (2) the form of the report; and
- (3) the information required to be included in the report.

Subd. 3. **Remedies.** If the commissioner determines, based on a report filed under subdivision 1 or other available information, that a zone or subzone is failing to meet its performance goals, the commissioner may take any actions the commissioner determines appropriate, including modification of the boundaries of the zone or a subzone or termination of the zone or a subzone. Before taking any action, the commissioner shall consult with the applicant and the affected local government units, including notifying them of the proposed actions to be taken. The commissioner shall publish any order modifying a zone in the State Register and on the Internet. The applicant may appeal the commissioner's order under the contested case procedures of chapter 14.

Subd. 4. **Existing businesses.** (a) An action to remove area from a zone or to terminate a zone under this section does not apply to:

- (1) the property tax on improvements constructed before the first January 2 following publication of the commissioner's order;
- (2) sales tax on purchases made before the first day of the next calendar month beginning at least 30 days after publication of the commissioner's order; and
- (3) individual income tax or corporate franchise tax attributable to a facility that was in operation before the publication of the commissioner's order.

(b) The tax exemptions specified in paragraph (a) terminate on the date on which the zone expires under the original designation.

**477A.0124 COUNTY PROGRAM AID.**

Subdivision 1. **Calendar year 2004.** In 2004, each county shall receive program aid in an amount equal to the sum of:

- (1) the amount of county attached machinery aid computed for the county for payment in 2003 under section 273.138 prior to any reduction under laws enacted in 2003;
- (2) the amount of county homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.1398, subdivision 2, prior to any reduction under laws enacted in 2003, minus the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties in Judicial Districts One, Three, Six, and Ten, and by 25 percent of the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties located in Judicial Districts Two and Four;
- (3) the amount of county manufactured home homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.166 prior to any reduction under laws enacted in 2003;
- (4) the amount of county criminal justice aid computed for the county for payment in 2003 under section 477A.0121 prior to any reduction under laws enacted in 2003; and

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(5) the amount of county family preservation aid computed for the county for payment in 2003 under section 477A.0122 prior to any reduction under laws enacted in 2003.

Subd. 6. **Aid payments in 2011 and 2012.** Notwithstanding total aids calculated or certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under subdivisions 3 to 5.

**505.173 CORRECTION OF PLATS.**

Subdivision 1. **Certain defects.** In all cases where the plats, or what purports to be plats, of any portion of the lands contained within any additions to or subdivisions of any town or city, situated in any county having less than 15 full and fractional congressional townships, having less than 15,000 inhabitants according to the 1940 federal census, and having an assessed value of more than \$7,500,000 and less than \$8,500,000, exclusive of money and credits which have been executed and filed in an office of any county recorder previous to January 1, 1915, (1) fail to identify or correctly describe the land to be so platted or to show correctly upon their face the tract of land intended or purported to be platted thereby, or (2) are defective by reason of the plat and the description of the land purported to be so platted thereby being inconsistent or incorrect, or (3) there exists a defect in the execution of said plats on the part of the grantors thereof, the governing board or council of the municipality containing land so platted or purported to be so platted may authorize, within two years from April 21, 1951, referring by the record book and page of such plat or plats in the office of the county recorder to the plat or plats to be corrected, the making of one or more plats which shall correctly show on the face thereof and by description of the land intended to be platted, which plat or plats may vary from the original plats in description as to lots and blocks to suit the best purpose and secure the best results. Such plat or plats, in a declaration thereon, shall recite such resolution and shall identify each separate tract of land described therein with such tract of land in the purported plat or plats intended to be corrected thereby, and shall be certified by the proper officers of the municipality as to authorization and by an engineer or surveyor as to correctness, and the signatures of such persons shall be acknowledged in like manner as a deed.

Subd. 2. **Corrected plat to be prima facie evidence.** Such plat or plats when so certified and acknowledged may be filed in the office of the county recorder and the declaration therein may be recorded at length in a "Book of Plat Certificates"; and when so filed and recorded such plat or plats and declaration together with the record thereof shall be prima facie evidence in all matters shown or stated therein as to the lands covered thereby.

Subd. 3. **Application to certain cities.** This section shall not apply to a city whose charter provides for official supervision of plats by municipal officers, commission or board.

***Laws 1993, chapter 375, article 9, section 47***

**Sec. 47. CITY OF GARRISON; SALES TAX.**

Subdivision 1. **Sales tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Garrison may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. **Use of revenues.** Revenues received from taxes authorized under subdivision 1 must be dedicated by the city to pay the cost of collecting the tax and to pay all or part of the expenses of the construction of a sewer system in the city, including payment of principal and interest on loans received by the city to construct the sewer system.

Subd. 3. **Enforcement; collection; and administration of taxes.** (a) The city may provide for collection and enforcement of the tax by ordinance or the city may enter into an agreement with the commissioner of revenue, providing for collection of the tax.

(b) If the city enters an agreement with the commissioner of revenue for collection of the tax, the sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax.

Subd. 4. **Expiration of taxing authority.** The authority granted by this section to the city of Garrison to impose a sales tax expires when the principal and interest on any bonds or obligations issued to finance the construction of the sewer system have been paid, or at an earlier time as the city shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 5. **Referendum.** The city may impose the tax under this section only after approval by the voters in a referendum held at a special or general election in the city.

Subd. 6. **Local approval; effective date.** This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Garrison.