

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2125

- 03/07/2019 Authored by Marquart; Carlson, L.; Xiong, T.; Lislegard; Youakim and others
The bill was read for the first time and referred to the Committee on Taxes
- 04/12/2019 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 04/23/2019 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 04/25/2019 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
- 04/30/2019 Returned to the House as Amended by the Senate
Refused to concur and a Conference Committee was appointed

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; providing

1.3 conformity and nonconformity to certain federal tax law changes; modifying

1.4 individual income and corporate franchise taxes, estate taxes, sales and use taxes,

1.5 special and excise taxes, property taxes, local government aids, provisions related

1.6 to local taxes, tax increment financing, and public finance, and other miscellaneous

1.7 taxes and tax provisions; modifying indexing provisions; changing the starting

1.8 point for state individual income tax calculation from federal taxable income to

1.9 federal adjusted gross income; providing for various individual and corporate

1.10 additions and subtractions to income; modifying certain allowances and adjustments

1.11 to income; modifying individual income tax brackets; modifying certain income

1.12 tax credits; modifying and allowing certain construction exemptions and other

1.13 sales and purchases from sales and use taxes; modifying rates and definitions for

1.14 certain tobacco and cigarette taxes; modifying rates and deposits for solid waste

1.15 taxes; modifying provisions relating to property tax records and information;

1.16 modifying certain property tax timelines; establishing property tax exemptions;

1.17 allowing tax deferral for elderly living facilities; modifying homestead provisions;

1.18 modifying state general levy; modifying local government and county aid;

1.19 modifying approval requirements for certain local sales taxes; modifying and

1.20 authorizing certain local sales taxes; authorizing Metropolitan Council bonds;

1.21 requiring reports; appropriating money; amending Minnesota Statutes 2018, sections

1.22 6.495, subdivision 3; 37.31, subdivision 1; 38.27, by adding a subdivision;

1.23 103E.611, subdivision 2; 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 123B.595,

1.24 subdivision 5; 138.053; 144E.42, subdivision 2; 161.14, by adding a subdivision;

1.25 162.145, subdivision 3; 197.603, subdivision 2; 270A.03, subdivision 5; 270B.08,

1.26 subdivision 2; 270C.13, subdivision 2; 270C.21; 270C.445, subdivision 6; 270C.85,

1.27 subdivision 2; 270C.89, subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 49,

1.28 81, by adding subdivisions; 272.115, subdivision 1; 273.032; 273.061, subdivision

1.29 9; 273.0755; 273.113, subdivision 3; 273.119, subdivision 2; 273.1231, subdivision

1.30 3; 273.124, subdivisions 3a, 13, 14, 21, by adding a subdivision; 273.1245,

1.31 subdivision 2; 273.13, subdivisions 22, 23, 34, 35; 273.136, subdivision 2;

1.32 273.1384, subdivisions 2, 3; 273.1385, subdivision 4; 273.1387, subdivisions 2,

1.33 3; 273.18; 273.371, subdivision 1; 274.14; 274.16; 275.025, subdivision 1; 282.01,

1.34 subdivision 6; 287.21, subdivision 1; 289A.08, subdivisions 1, 6, 7, by adding a

1.35 subdivision; 289A.10, subdivision 1; 289A.11, by adding a subdivision; 289A.20,

1.36 by adding a subdivision; 289A.25, subdivision 1; 289A.31, subdivisions 1, 2;

1.37 289A.37, subdivisions 2, 6; 289A.38, subdivisions 7, 10; 289A.42; 289A.60,

1.38 subdivisions 24, 29; 290.01, subdivisions 4a, 29a, 31, by adding subdivisions;

2.1 290.0131, subdivisions 1, 3, by adding subdivisions; 290.0132, subdivisions 1, 7,
 2.2 18, 19, 20, 26, by adding subdivisions; 290.0133, subdivision 6; 290.0134, by
 2.3 adding subdivisions; 290.0137; 290.032, subdivision 2; 290.05, subdivisions 1, 3;
 2.4 290.06, subdivisions 2c, 2d, 2h; 290.067, subdivision 2b; 290.0671, subdivisions
 2.5 1, 7; 290.0672, subdivision 2; 290.0675, subdivision 1; 290.0677, subdivision 1a;
 2.6 290.0681, subdivisions 1, 2; 290.0682, subdivisions 1, 2; 290.0684, subdivision
 2.7 2; 290.0685, subdivision 1, by adding a subdivision; 290.0802, subdivisions 2, 3;
 2.8 290.091, subdivisions 2, 3; 290.0921, subdivisions 2, 3; 290.0922, subdivision 1;
 2.9 290.095, subdivision 2; 290.17, subdivision 4, by adding subdivisions; 290.191,
 2.10 subdivision 5; 290.21, subdivision 4, by adding a subdivision; 290.31, subdivision
 2.11 1; 290.92, subdivisions 1, 5, 28; 290A.03, subdivisions 3, 4, 8, 12, 13; 290A.04,
 2.12 subdivisions 2, 2a, 4; 290A.05; 290A.08; 290A.09; 290A.19; 290B.04, subdivision
 2.13 1; 290B.09, subdivision 1; 291.016, subdivision 3; 295.50, subdivisions 3, 4, 9b,
 2.14 14, 15, by adding subdivisions; 295.53, subdivision 1; 295.57, subdivision 5;
 2.15 295.582, subdivision 1; 295.75, subdivision 4; 296A.03, subdivision 3; 296A.13;
 2.16 297A.61, subdivision 18; 297A.66, subdivisions 1, 2, 3; 297A.67, subdivisions 6,
 2.17 12, 28, by adding a subdivision; 297A.68, subdivisions 17, 25, 29, 42, 44, by
 2.18 adding a subdivision; 297A.70, subdivisions 3, 4, 10, 16, 20, by adding
 2.19 subdivisions; 297A.71, subdivisions 22, 45, 50, by adding subdivisions; 297A.75,
 2.20 subdivisions 1, 2; 297A.77, by adding a subdivision; 297A.83, subdivision 1;
 2.21 297A.84; 297A.85; 297A.99, subdivisions 1, 2, 3, by adding a subdivision;
 2.22 297A.993, subdivisions 1, 2, by adding a subdivision; 297B.01, subdivisions 14,
 2.23 16; 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.05, by
 2.24 adding a subdivision; 297F.08, subdivisions 8, 9; 297F.17, subdivision 6; 297G.07,
 2.25 subdivision 1; 297G.16, subdivision 7; 297H.02, subdivision 2; 297H.03,
 2.26 subdivision 2; 297H.04, subdivision 2; 297H.05; 297H.13, subdivision 2; 297I.20,
 2.27 subdivision 3; 298.018, subdivision 1, by adding a subdivision; 298.225, subdivision
 2.28 1; 298.28, subdivision 3; 298.282, subdivision 1; 353G.01, subdivision 9; 353G.05,
 2.29 subdivision 2; 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20,
 2.30 subdivision 4a; 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022,
 2.31 subdivisions 2, 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10;
 2.32 424A.03, subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision;
 2.33 424A.07; 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093,
 2.34 subdivision 5; 424B.09; 462D.03, subdivision 2; 469.169, by adding a subdivision;
 2.35 469.171, subdivision 4; 469.177, subdivision 1; 469.190, subdivisions 1, 7; 469.316,
 2.36 subdivision 1; 469.319, subdivision 4; 471.831; 473.39, subdivision 6, by adding
 2.37 a subdivision; 473H.08, subdivisions 1, 4, by adding a subdivision; 475.521,
 2.38 subdivision 1; 477A.011, subdivision 45; 477A.013, subdivisions 9, 13; 477A.03,
 2.39 subdivisions 2a, 2b; Minnesota Statutes 2019 Supplement, sections 289A.02,
 2.40 subdivision 7; 289A.12, subdivision 14; 289A.35; 290.01, subdivision 19; 290.0131,
 2.41 subdivision 10; 290.0132, subdivision 21; 290.0133, subdivision 12; 290.0672,
 2.42 subdivision 1; 290.0684, subdivision 1; 290.091, subdivision 2; 290.17, subdivision
 2.43 2; 290A.03, subdivision 15; 291.005, subdivision 1; 462D.06, subdivisions 1, 2;
 2.44 Laws 1980, chapter 511, section 1, subdivision 1; Laws 1986, chapter 396, section
 2.45 5, as amended; Laws 1986, chapter 462, section 31, as amended; Laws 1994,
 2.46 chapter 587, article 9, section 11; Laws 1998, chapter 389, article 8, section 45,
 2.47 subdivisions 1, 3, as amended, 4, 5; Laws 2008, chapter 366, article 5, sections
 2.48 26, as amended; 33, as amended; Laws 2009, chapter 88, article 2, section 46,
 2.49 subdivisions 1, as amended, 2, 3, as amended, 4, 5; Laws 2011, First Special
 2.50 Session chapter 7, article 4, section 10, subdivision 3; Laws 2014, chapter 308,
 2.51 article 6, section 8, subdivisions 1, as amended, 3; Laws 2017, First Special Session
 2.52 chapter 1, article 3, sections 26; 32; article 8, section 3; article 10, section 4; Laws
 2.53 2018, chapter 211, article 14, section 26; proposing coding for new law in
 2.54 Minnesota Statutes, chapters 16A; 270C; 273; 289A; 290; 290A; 297H; 297I;
 2.55 424A; 469; proposing coding for new law as Minnesota Statutes, chapters 477B;
 2.56 477C; repealing Minnesota Statutes 2018, sections 37.31, subdivision 8; 69.011,
 2.57 subdivisions 1, 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11;
 2.58 69.022; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3,

3.1 4; 69.33; 69.80; 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 290.0131,
3.2 subdivisions 7, 11, 12, 13; 290.0132, subdivision 8; 290.0133, subdivisions 13,
3.3 14; 290.10, subdivision 2; 296A.03, subdivision 5; 296A.04, subdivision 2;
3.4 296A.05, subdivision 2; 297A.66, subdivision 4b; 297F.08, subdivision 5; 297I.25,
3.5 subdivision 2; Minnesota Rules, part 8125.0410, subpart 1.

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

3.7 ARTICLE 1

3.8 FEDERAL CONFORMITY

3.9 Section 1. Minnesota Statutes 2018, section 270A.03, subdivision 5, is amended to read:

3.10 Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a
3.11 fixed and certain amount of money, which equals or exceeds \$25 and which is due and
3.12 payable to a claimant agency. The term includes criminal fines imposed under section 609.10
3.13 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision
3.14 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court
3.15 order, or other legal obligation, but need not have been reduced to judgment.

3.16 A debt includes any legal obligation of a current recipient of assistance which is based
3.17 on overpayment of an assistance grant where that payment is based on a client waiver or
3.18 an administrative or judicial finding of an intentional program violation; or where the debt
3.19 is owed to a program wherein the debtor is not a client at the time notification is provided
3.20 to initiate recovery under this chapter and the debtor is not a current recipient of food support,
3.21 transitional child care, or transitional medical assistance.

3.22 (b) A debt does not include any legal obligation to pay a claimant agency for medical
3.23 care, including hospitalization if the income of the debtor at the time when the medical care
3.24 was rendered does not exceed the following amount:

3.25 (1) for an unmarried debtor, an income of \$12,560 or less;

3.26 (2) for a debtor with one dependent, an income of \$16,080 or less;

3.27 (3) for a debtor with two dependents, an income of \$19,020 or less;

3.28 (4) for a debtor with three dependents, an income of \$21,580 or less;

3.29 (5) for a debtor with four dependents, an income of \$22,760 or less; and

3.30 (6) for a debtor with five or more dependents, an income of \$23,730 or less.

3.31 For purposes of this paragraph, "debtor" means the individual whose income, together
3.32 with the income of the individual's spouse, other than a separated spouse, brings the

4.1 individual within the income provisions of this paragraph. For purposes of this paragraph,
4.2 a spouse, other than a separated spouse, shall be considered a dependent.

4.3 (c) The commissioner shall annually adjust the ~~income~~ amounts in paragraph (b) ~~by the~~
4.4 ~~percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue~~
4.5 ~~Code, except that in section 1(f)(3)(B) the word "2014" shall be substituted for the word~~
4.6 ~~"1992." For 2016, the commissioner shall then determine the percent change from the 12~~
4.7 ~~months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in~~
4.8 ~~each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months~~
4.9 ~~ending on August 31 of the year preceding the taxable year. The determination of the~~
4.10 ~~commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be~~
4.11 ~~subject to the Administrative Procedure Act contained in chapter 14. The income amount~~
4.12 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~
4.13 ~~is rounded up to the nearest \$10 amount as provided in section 270C.22. The statutory year~~
4.14 is taxable year 2019.

4.15 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the
4.16 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

4.17 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable
4.18 years beginning after December 31, 2019.

4.19 Sec. 2. **[270C.22] COST OF LIVING ADJUSTMENT.**

4.20 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall
4.21 annually make a cost of living adjustment to the dollar amounts noted in sections that
4.22 reference this section. The commissioner shall adjust the amounts based on the index as
4.23 provided in this section. For purposes of this section, "index" means the Chained Consumer
4.24 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The
4.25 values of the index used to determine the adjustments under this section are the latest
4.26 published values when the Bureau of Labor Statistics publishes the initial value of the index
4.27 for August of the year preceding the year to which the adjustment applies.

4.28 (b) For the purposes of this section, "statutory year" means the year preceding the first
4.29 year for which dollar amounts are to be adjusted for inflation under sections that reference
4.30 this section. For adjustments under chapter 290A, "statutory year" means the year in which
4.31 refunds are payable preceding the first year for which amounts in chapter 290A are indexed
4.32 under this section.

5.1 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall
5.2 determine the percentage change in the index for the 12-month period ending on August
5.3 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing
5.4 this section by that percentage change. For each subsequent taxable year, the commissioner
5.5 shall increase the dollar amounts by the percentage change in the index from August 31 of
5.6 the year preceding the statutory year to August 31 of the year preceding the taxable year.

5.7 (d) To determine the dollar amounts for refunds payable in 2021 under chapter 290A,
5.8 the commissioner shall determine the percentage change in the index for the 12-month
5.9 period ending on August 31, 2020, and increase each of the unrounded dollar amounts in
5.10 the sections referencing this section by that percentage change. For each subsequent year,
5.11 the commissioner shall increase the dollar amounts by the percentage change in the index
5.12 from August 31 of the year preceding the statutory year to August 31 of the year preceding
5.13 the year in which refunds are payable.

5.14 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted
5.15 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest
5.16 \$10 amount.

5.17 Subd. 2. **Publication.** The commissioner shall announce and publish the adjusted dollar
5.18 amounts required by subdivision 1 on the Department of Revenue's website on or before
5.19 December 15 of each year.

5.20 Subd. 3. **Special provision.** The determination of the commissioner under this subdivision
5.21 is not a rule and is not subject to the Administrative Procedure Act under chapter 14,
5.22 including section 14.386.

5.23 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable
5.24 years beginning after December 31, 2019, calendar years beginning after December 31,
5.25 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

5.26 Sec. 3. Minnesota Statutes 2018, section 289A.02, subdivision 7, is amended to read:

5.27 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
5.28 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
5.29 ~~16, 2016~~ December 31, 2018.

5.30 **EFFECTIVE DATE.** This section is effective the day following final enactment except
5.31 the changes incorporated by federal changes are effective retroactively at the same time the
5.32 changes became effective for federal purposes.

6.1 Sec. 4. Minnesota Statutes 2018, section 289A.08, subdivision 1, is amended to read:

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

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

6.9 (2) an individual who is a Minnesota resident is not required to file a Minnesota income
6.10 tax return if the individual's gross income derived from Minnesota sources as determined
6.11 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions
6.12 12 and 15, is less than the filing requirements for a single individual who is a full-year
6.13 resident of Minnesota.

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

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

6.22 (d) The commissioner of revenue must annually determine the gross income levels at
6.23 which individuals are required to file a return for each taxable year based on the amounts
6.24 that may be subtracted under section 290.0132, subdivision 19.

6.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.26 31, 2018.

6.27 Sec. 5. Minnesota Statutes 2018, section 289A.08, subdivision 7, is amended to read:

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

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

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

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

7.17 (e) This subdivision does not negate the requirement that an individual pay estimated
7.18 tax if the individual's liability would exceed the requirements set forth in section 289A.25.
7.19 The individual's liability to pay estimated tax is, however, satisfied when the partnership
7.20 pays composite estimated tax in the manner prescribed in section 289A.25.

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

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

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

7.32 (i) Estates and trusts distributing current income only and the nonresident individual
7.33 beneficiaries of the estates or trusts may make an election under this paragraph. The

8.1 provisions covering the partnership apply to the estate or trust. The provisions applying to
8.2 the partner apply to the beneficiary.

8.3 (j) For the purposes of this subdivision, "income" means the partner's share of federal
8.4 adjusted gross income from the partnership modified by the additions provided in section
8.5 290.0131, subdivisions 8 to ~~10~~ and 16, and the subtractions provided in: (1) section
8.6 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota
8.7 under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed
8.8 under section 290.0132, subdivision 9, is only allowed on the composite tax computation
8.9 to the extent the electing partner would have been allowed the subtraction.

8.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.11 31, 2018.

8.12 Sec. 6. Minnesota Statutes 2018, section 289A.12, subdivision 14, is amended to read:

8.13 Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated
8.14 investment company paying \$10 or more in exempt-interest dividends to an individual who
8.15 is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or
8.16 exempt-interest dividends and paying as nominee to an individual who is a resident of
8.17 Minnesota, must make a return indicating the amount of the exempt interest or
8.18 exempt-interest dividends, the name, address, and Social Security number of the recipient,
8.19 and any other information that the commissioner specifies. The return must be provided to
8.20 the recipient by February 15 of the year following the year of the payment. The return
8.21 provided to the recipient must include a clear statement, in the form prescribed by the
8.22 commissioner, that the exempt interest or exempt-interest dividends must be included in
8.23 the computation of Minnesota taxable income. By June 1 of each year, the payer must file
8.24 a copy of the return with the commissioner.

8.25 (b) For purposes of this subdivision, the following definitions apply.

8.26 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section
8.27 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest
8.28 dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under
8.29 section 290.0131, subdivision 2, paragraph (b).

8.30 (2) "Regulated investment company" means regulated investment company as defined
8.31 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company
8.32 as defined in section 851(g) of the Internal Revenue Code.

9.1 (3) "Exempt interest" means income on obligations of any state other than Minnesota,
9.2 or a political or governmental subdivision, municipality, or governmental agency or
9.3 instrumentality of any state other than Minnesota, and exempt from federal income taxes
9.4 under the Internal Revenue Code or any other federal statute.

9.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.6 31, 2018.

9.7 Sec. 7. Minnesota Statutes 2018, section 289A.20, is amended by adding a subdivision to
9.8 read:

9.9 Subd. 1a. **Tax on deferred foreign income; election to pay in installments.** (a) A
9.10 taxpayer subject to tax under section 290.06, subdivision 1, may elect to pay the net tax
9.11 liability on the deferred foreign income in installments in the same percentages of the net
9.12 tax liability for each taxable year as provided in section 965(h)(1) of the Internal Revenue
9.13 Code. Payment of an installment for a taxable year is due on the due date, determined without
9.14 regard to any extensions of time for filing the return, for the tax return for that taxable year.

9.15 (b) If an acceleration of payment applies for federal income tax purposes under section
9.16 965(h)(3) of the Internal Revenue Code, the unpaid portion of the remaining installments
9.17 due under chapter 290 must be paid on the same date as the federal tax is due. Assessment
9.18 of deficiencies must be prorated as provided under section 965(h)(4) of the Internal Revenue
9.19 Code.

9.20 (c) For purposes of determining date and time limits under sections 270C.62, 270C.63,
9.21 270C.67, and 270C.68, the date on which an installment is due under paragraph (a), including
9.22 any acceleration under paragraph (b), must be treated as the assessment date, due date, or
9.23 other date from which the time limit must be determined for that payment.

9.24 (d) For purposes of this subdivision, "net tax liability" means the excess of:

9.25 (1) the tax liability, determined under chapter 290, for the taxable year in which the
9.26 deferred foreign income was includable in federal taxable income; over

9.27 (2) the tax liability, determined under chapter 290, for that taxable year computed after
9.28 excluding the deferred foreign income under section 965 of the Internal Revenue Code.

9.29 (e) If a taxpayer has not made the first installment payment under paragraph (a), the
9.30 taxpayer must pay the first installment payment at the same time and due date as the second
9.31 installment payment. For purposes of paragraph (c), payments under this paragraph are
9.32 deemed to be due at the same time the second installment is due.

10.1 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the
10.2 changes in Public Law 115-97 relating to deferred foreign income were effective for federal
10.3 purposes.

10.4 Sec. 8. Minnesota Statutes 2018, section 289A.35, is amended to read:

10.5 **289A.35 ASSESSMENTS ON RETURNS.**

10.6 (a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted
10.7 gross income, federal taxable income, items of federal tax preferences, or federal credit
10.8 amounts to make them conform with the provisions of chapter 290 or section 298.01. If a
10.9 return has been filed, the commissioner shall enter the liability reported on the return and
10.10 may make any audit or investigation that is considered necessary.

10.11 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the
10.12 best interest of the state, the commissioner may allow S corporations and partnerships to
10.13 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their
10.14 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must
10.15 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

10.16 (c) A taxpayer may petition the commissioner for the use of the method described in
10.17 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an
10.18 order of assessment has been issued.

10.19 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition
10.20 of a taxpayer cannot be appealed to the Tax Court or any other court.

10.21 (e) The commissioner may audit and adjust the taxpayer's computation of tax under
10.22 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner
10.23 shall notify the estate no later than nine months after the filing date, as provided by section
10.24 289A.38, subdivision 2, whether the return is under examination or the return has been
10.25 processed as filed.

10.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
10.27 31, 2018.

10.28 Sec. 9. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to
10.29 read:

10.30 Subd. 3c. **Determination of marital status.** The determination of marital status is made
10.31 by section 7703 of the Internal Revenue Code.

11.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.2 31, 2018.

11.3 Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to
11.4 read:

11.5 **Subd. 14a. Surviving spouse.** The term "surviving spouse" means an individual who is
11.6 a surviving spouse under section 2(a) of the Internal Revenue Code for the taxable year.

11.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.8 31, 2018.

11.9 Sec. 11. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:

11.10 **Subd. 19. Net income.** (a) For a trust or estate taxable under section 290.03, and a
11.11 corporation taxable under section 290.02, the term "net income" means the federal taxable
11.12 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
11.13 the date named in this subdivision, incorporating the federal effective dates of changes to
11.14 the Internal Revenue Code and any elections made by the taxpayer in accordance with the
11.15 Internal Revenue Code in determining federal taxable income for federal income tax
11.16 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

11.17 (b) For an individual, the term "net income" means federal adjusted gross income with
11.18 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

11.19 (c) In the case of a regulated investment company or a fund thereof, as defined in section
11.20 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
11.21 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
11.22 except that:

11.23 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal
11.24 Revenue Code does not apply;

11.25 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue
11.26 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest
11.27 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;
11.28 and

11.29 (3) the deduction for dividends paid must also be applied in the amount of any
11.30 undistributed capital gains which the regulated investment company elects to have treated
11.31 as provided in section 852(b)(3)(D) of the Internal Revenue Code.

12.1 (d) The net income of a real estate investment trust as defined and limited by section
12.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
12.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

12.4 (e) The net income of a designated settlement fund as defined in section 468B(d) of the
12.5 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
12.6 Revenue Code.

12.7 (f) The Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~
12.8 December 31, 2018, shall be in effect for taxable years beginning after December 31, 1996.

12.9 (g) Except as otherwise provided, references to the Internal Revenue Code in this
12.10 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of
12.11 determining net income for the applicable year.

12.12 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) and (b) are effective for
12.13 taxable years beginning after December 31, 2018.

12.14 (b) The amendment to paragraph (f) is effective the day following final enactment, except
12.15 the changes incorporated by federal changes are effective retroactively at the same time as
12.16 the changes became effective for federal purposes, but are subject to the application of
12.17 Minnesota Statutes, section 290.993.

12.18 Sec. 12. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to
12.19 read:

12.20 Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of
12.21 a domestic corporation that is included in net income under section 965 of the Internal
12.22 Revenue Code, exclusive of the deduction allowed under section 965(c) of the Internal
12.23 Revenue Code.

12.24 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the
12.25 changes in Public Law 115-97 relating to deferred foreign income were effective for federal
12.26 purposes.

12.27 Sec. 13. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to
12.28 read:

12.29 Subd. 21a. **Adjusted gross income; federal adjusted gross income.** The terms "adjusted
12.30 gross income" and "federal adjusted gross income" mean adjusted gross income, as defined
12.31 in section 62 of the Internal Revenue Code, as amended through the date named in
12.32 subdivision 19, incorporating the federal effective date of changes to the Internal Revenue

13.1 Code and any elections made by the taxpayer under the Internal Revenue Code in determining
13.2 federal adjusted gross income for federal income tax purposes.

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

13.4 Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

13.5 Subd. 29a. **State itemized deduction.** "State itemized ~~deduction~~ deductions" means
13.6 ~~federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code,~~
13.7 ~~disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by~~
13.8 ~~the amount of the addition required under section 290.0131, subdivision 13~~ the itemized
13.9 deductions for individual income tax allowed under section 290.0122, subdivision 1, reduced
13.10 by the limit under section 290.0122, subdivision 2.

13.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.12 31, 2018.

13.13 Sec. 15. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

13.14 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
13.15 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
13.16 ~~16, 2016~~ December 31, 2018. Internal Revenue Code also includes any uncodified provision
13.17 in federal law that relates to provisions of the Internal Revenue Code that are incorporated
13.18 into Minnesota law.

13.19 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
13.20 the changes incorporated by the federal changes are effective retroactively at the same time
13.21 as the changes became effective for federal purposes, but are subject to the application of
13.22 Minnesota Statutes, section 290.993.

13.23 Sec. 16. **[290.0121] DEPENDENT EXEMPTION.**

13.24 Subdivision 1. **Exemption amount.** (a) A taxpayer's dependent exemption equals:

13.25 (1) the exemption amount multiplied by the number of individuals who are dependents,
13.26 as defined in section 152 of the Internal Revenue Code, of the taxpayer for the taxable year;
13.27 minus

13.28 (2) the disallowed exemption amount under subdivision 2, but the remainder may not
13.29 be less than zero.

13.30 (b) The exemption amount equals \$4,250.

14.1 Subd. 2. **Disallowed exemption amount** (a) The disallowed exemption amount equals
14.2 the dependent exemption allowed under subdivision 1, paragraph (a), clause (1), multiplied
14.3 by the applicable percentage.

14.4 (b) For a married individual filing a separate return, "applicable percentage" means two
14.5 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal
14.6 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,
14.7 applicable percentage means two percentage points for each \$2,500, or fraction of that
14.8 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds
14.9 the threshold amount. The applicable percentage must not exceed 100 percent.

14.10 (c) "Threshold amount" means:

14.11 (1) \$291,950 for a joint return or a surviving spouse;

14.12 (2) \$243,300 for a head of a household;

14.13 (3) \$194,650 for an individual who is not married and who is not a surviving spouse or
14.14 head of a household; and

14.15 (4) half the amount for a joint return for a married individual filing a separate return.

14.16 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,
14.17 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph
14.18 (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22.
14.19 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to
14.20 the nearest \$50 amount. If the amount ends in \$25, the amount is rounded down to the
14.21 nearest \$50 amount. The threshold amount for married individuals filing separate returns
14.22 must be one-half of the adjusted amount for married individuals filing joint returns.

14.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
14.24 31, 2018.

14.25 Sec. 17. **[290.0122] ITEMIZED DEDUCTIONS.**

14.26 Subdivision 1. **Itemized deductions.** A taxpayer's itemized deductions equal the sum
14.27 of the amounts allowed as a deduction under this section, reduced by the amount calculated
14.28 under subdivision 2.

14.29 Subd. 2. **Deductions limited; inflation adjustment.** (a) The itemized deductions of a
14.30 taxpayer with adjusted gross income in excess of the applicable amount are reduced by the
14.31 lesser of:

15.1 (1) three percent of the excess of the taxpayer's federal adjusted gross income over the
15.2 applicable amount; or

15.3 (2) 80 percent of the amount of the taxpayer's itemized deductions.

15.4 (b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a
15.5 separate return.

15.6 (c) For the purposes of this subdivision, "itemized deductions" means the itemized
15.7 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized
15.8 deductions excludes:

15.9 (1) the portion of the deduction for interest under subdivision 5 that represents investment
15.10 interest;

15.11 (2) the deduction for medical expenses under subdivision 6; and

15.12 (3) the deduction for losses under subdivision 8.

15.13 (d) For taxable years beginning after December 31, 2019, the commissioner must adjust
15.14 for inflation the applicable amounts under paragraph (b) as provided in section 270C.22.
15.15 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to
15.16 the nearest \$50 amount. The threshold amount for married individuals filing separate returns
15.17 must be one-half of the adjusted amount for married individuals filing joint returns.

15.18 Subd. 3. **Taxes paid.** (a) A taxpayer is allowed a deduction for taxes paid. The deduction
15.19 equals the sum of the following amounts for the taxable year:

15.20 (1) state and local personal property taxes and real property taxes, in a total amount for
15.21 both types not to exceed \$10,000, or \$5,000 for a married taxpayer filing a separate return;

15.22 (2) foreign income, war profits, and excess profits taxes to the extent not reduced by the
15.23 federal foreign tax credit; and

15.24 (3) for individuals who are allowed a federal foreign tax credit for taxes that do not
15.25 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
15.26 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
15.27 foreign taxes reported in claiming the foreign tax credit, and to the extent not deducted
15.28 under clause (2).

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

15.30 (1) "carryover of subnational foreign taxes" equals the carryover allowed under section
15.31 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they
15.32 exceed the federal foreign tax credit;

16.1 (2) "federal foreign tax credit" means the credit allowed under section 27 of the Internal
16.2 Revenue Code; and

16.3 (3) "foreign, income, war profits, and excess profits taxes" and "state and local real and
16.4 personal property taxes" have the meanings given in section 164 of the Internal Revenue
16.5 Code.

16.6 Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable
16.7 contributions. The deduction equals the amount of the charitable contribution deduction
16.8 allowable to the taxpayer under section 170 of the Internal Revenue Code, including the
16.9 denial of the deduction under section 408(d)(8), except that the provisions of section
16.10 170(b)(1)(G) apply regardless of the taxable year.

16.11 (b) For taxable years beginning after December 31, 2017, the determination of carryover
16.12 amounts must be made by applying the rules under section 170 of the Internal Revenue
16.13 Code based on the charitable contribution deductions claimed and allowable under this
16.14 section.

16.15 Subd. 5. **Interest.** A taxpayer is allowed a deduction for interest. The deduction equals
16.16 the amount allowed to the taxpayer as interest paid or accrued during the taxable year under
16.17 section 163 of the Internal Revenue Code with the following exceptions:

16.18 (1) qualified residence interest excludes home equity interest;

16.19 (2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married
16.20 separate return, for indebtedness incurred on or after December 16, 2017; and

16.21 (3) mortgage insurance premiums treated as interest under section 163(h)(3)(E) are not
16.22 interest for the purposes of this subdivision.

16.23 The definitions of terms under section 163 of the Internal Revenue Code apply for purposes
16.24 of this subdivision.

16.25 Subd. 6. **Medical expenses.** A taxpayer is allowed a deduction for medical expenses.
16.26 The deduction equals the amount allowed under section 213 of the Internal Revenue Code,
16.27 except that the threshold percentage of adjusted gross income in paragraph (a) is ten percent
16.28 regardless of the federal percentage for the taxable year.

16.29 Subd. 7. **Unreimbursed employee expenses.** A taxpayer is allowed a deduction for
16.30 unreimbursed employee expenses. The deduction equals the amount of the taxpayer's trade
16.31 or business expenses incurred as an employee and allowed under section 162 of the Internal
16.32 Revenue Code in excess of two percent of the taxpayer's adjusted gross income, disregarding
16.33 the suspension of the deduction in section 67, paragraph (g), of the Internal Revenue Code.

17.1 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. The deduction equals the
17.2 amount allowed under sections 165(d) and 165(h) of the Internal Revenue Code, disregarding
17.3 the limitation on personal casualty losses in paragraph (h)(5).

17.4 Subd. 9. **Miscellaneous deduction.** A taxpayer is allowed a miscellaneous deduction.
17.5 The deduction equals the sum of the following amounts for the taxable year:

17.6 (1) impairment-related work expenses allowed under section 67(d) of the Internal Revenue
17.7 Code;

17.8 (2) the deduction for estate tax under section 691(c) of the Internal Revenue Code;

17.9 (3) any deduction allowable in connection with personal property used in a short sale
17.10 as described under section 67(b)(8);

17.11 (4) the deduction under section 1341 of the Internal Revenue Code;

17.12 (5) the deduction under section 72(b)(3) of the Internal Revenue Code;

17.13 (6) the deduction under section 171 of the Internal Revenue Code; and

17.14 (7) the deduction under section 216 of the Internal Revenue Code.

17.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
17.16 31, 2018.

17.17 Sec. 18. **[290.0123] STANDARD DEDUCTION.**

17.18 Subdivision 1. **Standard deduction amount.** A taxpayer's standard deduction equals:

17.19 (1) for a married joint filer or a surviving spouse, \$24,400;

17.20 (2) for a head of household filer, \$18,350; or

17.21 (3) for any other filer, \$12,200; plus

17.22 (4) the additional amount for the taxpayer under subdivision 2.

17.23 A taxpayer's standard deduction amount is reduced in accordance with subdivision 5.

17.24 Subd. 2. **Additional amount for seniors or blind taxpayers.** (a) The additional amount
17.25 equals the sum of the following amounts:

17.26 (1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or

17.27 \$1,650 for such a taxpayer who is not married or a surviving spouse;

18.1 (2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before
18.2 the close of the taxable year and qualifies for an exemption under section 151(b) of the
18.3 Internal Revenue Code;

18.4 (3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,650 for such a
18.5 taxpayer who is not married or a surviving spouse; and

18.6 (4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the
18.7 taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue
18.8 Code.

18.9 (b) The commissioner must disregard section 151(d)(5) of the Internal Revenue Code
18.10 when determining if the taxpayer's spouse is eligible for an exemption under paragraph (a).

18.11 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in
18.12 section 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning
18.13 in the calendar year in which the individual's taxable year begins, the standard deduction
18.14 for that individual is limited to the greater of:

18.15 (1) \$1,100; or

18.16 (2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in
18.17 section 32(c) of the Internal Revenue Code; or (ii) the standard deduction amount allowed
18.18 under subdivision 1, clause (3).

18.19 Subd. 4. **Deduction disallowed.** The standard deduction is zero for (1) a married
18.20 individual filing a separate return if either spouse itemizes deductions, and (2) an individual
18.21 making a return for a period of less than twelve months on account of changes in the annual
18.22 accounting period.

18.23 Subd. 5. **Deduction limited.** (a) The standard deduction of a taxpayer with adjusted
18.24 gross income in excess of the applicable amount is reduced by the lesser of:

18.25 (1) three percent of the excess of the taxpayer's federal adjusted gross income over the
18.26 applicable amount; or

18.27 (2) 80 percent of the standard deduction otherwise allowable under this section.

18.28 (b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a
18.29 separate return.

18.30 Subd. 6. **Inflation adjustment.** For taxable years beginning after December 31, 2019,
18.31 the commissioner must adjust for inflation the standard deduction amounts in subdivision
18.32 1, the additional amounts in subdivision 2, the amounts in subdivision 3, and the applicable

19.1 amounts in subdivision 5 as provided in section 270C.22. The statutory year is taxable year
19.2 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. The
19.3 standard deduction amount for married individuals filing separate returns is one-half of the
19.4 adjusted amount for married individuals filing joint returns.

19.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
19.6 31, 2018.

19.7 Sec. 19. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

19.8 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means
19.9 an amount that must be added to federal taxable income for a trust or an estate or federal
19.10 adjusted gross income for an individual in computing net income for the taxable year to
19.11 which the amounts relate.

19.12 (b) The additions in this section apply to individuals, estates, and trusts.

19.13 (c) Unless specifically indicated or unless the context clearly indicates otherwise, only
19.14 amounts that were deducted or excluded in computing federal taxable income for a trust or
19.15 an estate or federal adjusted gross income for individuals are an addition under this section.

19.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
19.17 31, 2018.

19.18 Sec. 20. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

19.19 Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a)~~ For trusts
19.20 and estates, the amount of income, sales and use, motor vehicle sales, or excise taxes paid
19.21 or accrued within the taxable year under this chapter and the amount of taxes based on net
19.22 income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any
19.23 province or territory of Canada is an addition to the extent deducted under section 63(d) of
19.24 the Internal Revenue Code.

19.25 ~~(b) The addition under paragraph (a) may not be more than the amount by which the~~
19.26 ~~state itemized deduction exceeds the amount of the standard deduction as defined in section~~
19.27 ~~63(c) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and~~
19.28 ~~use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under~~
19.29 ~~subdivision 12.~~

19.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
19.31 31, 2018.

20.1 Sec. 21. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

20.2 Subd. 10. **Section 179 expensing.** For property placed in service in taxable years
20.3 beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed
20.4 under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction
20.5 allowable by section 179 of the Internal Revenue Code, as amended through December 31,
20.6 2003, is an addition.

20.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
20.8 after December 31, 2017.

20.9 Sec. 22. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision
20.10 to read:

20.11 Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

20.12 (1) the total distributions for the taxable year from a qualified plan under section 529 of
20.13 the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher
20.14 education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for
20.15 tuition for elementary or secondary public, private, or religious school); or

20.16 (2) the total amount required to be reported to the taxpayer by any trustee of a qualified
20.17 tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue
20.18 Service Form 1099Q for the taxable year.

20.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
20.20 after December 31, 2017.

20.21 Sec. 23. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision
20.22 to read:

20.23 Subd. 16. **Section 199A addition.** For trusts and estates, the amount deducted under
20.24 section 199A of the Internal Revenue Code in computing the trust or estate's federal taxable
20.25 income is an addition.

20.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
20.27 after December 31, 2017.

20.28 Sec. 24. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision
20.29 to read:

20.30 Subd. 17. **Excess business losses.** (a) For taxable years beginning after December 31,
20.31 2025, the amount of a disallowed excess business loss under section 461(l) of the Internal

21.1 Revenue Code is an addition, notwithstanding the limit on the limitation in section 461(l)(1)
21.2 of the Internal Revenue Code to taxable years beginning before January 1, 2026.

21.3 (b) A net operating loss carryover is allowed in an amount equal to the amount allowed
21.4 under section 461(l)(2) of the Internal Revenue Code, but only to the extent that the amount
21.5 of losses allowed under section 172 of the Internal Revenue Code plus the amount of the
21.6 carryover allowed under this subdivision does not exceed the limitation on the net operating
21.7 loss deduction under section 172(a) of the Internal Revenue Code for any taxable year.

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

21.9 Sec. 25. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision
21.10 to read:

21.11 Subd. 18. **Moving expenses.** (a) For taxable years beginning after December 31, 2025,
21.12 the amount of moving expenses deducted from adjusted gross income under section 217 of
21.13 the Internal Revenue Code is an addition.

21.14 (b) For taxable years beginning after December 31, 2025, the amount of moving expenses
21.15 excluded from gross income under section 132(a)(6) of the Internal Revenue Code is an
21.16 addition, except in the case of a member of the Armed Forces of the United States on active
21.17 duty who moves pursuant to a military order and incident to a permanent change of station.

21.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
21.19 31, 2025.

21.20 Sec. 26. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

21.21 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction"
21.22 means an amount that shall be subtracted from federal taxable income for a trust or an estate
21.23 or federal adjusted gross income for an individual in computing net income for the taxable
21.24 year to which the amounts relate.

21.25 (b) The subtractions in this section apply to individuals, estates, and trusts.

21.26 (c) Unless specifically indicated or unless the context clearly indicates otherwise, no
21.27 amount deducted, subtracted, or otherwise excluded in computing federal taxable income
21.28 for a trust or an estate or federal adjusted gross income for an individual is a subtraction
21.29 under this section.

21.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
21.31 31, 2018.

22.1 Sec. 27. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

22.2 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~
22.3 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~
22.4 ~~determining federal taxable income by~~ For an individual who does not itemize deductions
22.5 ~~for federal income tax purposes~~ under section 290.0132, subdivision 19, for the taxable
22.6 year, an amount equal to 50 percent of the excess of charitable contributions over \$500
22.7 allowable as a deduction for the taxable year under section ~~170(a) of the Internal Revenue~~
22.8 ~~Code~~ 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must
22.9 not include a distribution that is excluded from federal adjusted gross income and that is
22.10 not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

22.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
22.12 31, 2018.

22.13 Sec. 28. Minnesota Statutes 2018, section 290.0132, subdivision 18, is amended to read:

22.14 Subd. 18. **Net operating losses.** (a) The amount of the net operating loss allowed under
22.15 section 290.095, subdivision 11, paragraph (c), is a subtraction.

22.16 (b) The amount of the net operating loss carryover allowed under section 290.0131,
22.17 subdivision 17, is a subtraction.

22.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
22.19 31, 2025.

22.20 Sec. 29. Minnesota Statutes 2018, section 290.0132, subdivision 19, is amended to read:

22.21 Subd. 19. ~~Disallowed~~ **Standard or itemized deductions.** (a) The standard deduction
22.22 amount allowed under section 290.0123, subdivision 1, is a subtraction.

22.23 (b) A taxpayer may elect to claim a subtraction equal to the amount of the limitation on
22.24 itemized deductions calculated under section ~~68(b) of the Internal Revenue Code~~ is a
22.25 subtraction 290.0122, subdivision 1, in lieu of the subtraction for the standard deduction in
22.26 paragraph (a).

22.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
22.28 31, 2018.

22.29 Sec. 30. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

22.30 Subd. 20. ~~Disallowed Personal~~ **Dependent exemption.** ~~The amount of the phaseout of~~
22.31 ~~personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.~~

23.1 The dependent exemption under section 290.0121, subdivision 1, paragraph (a), is a
23.2 subtraction.

23.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.4 31, 2018.

23.5 Sec. 31. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

23.6 Subd. 21. **Military service pension; retirement pay.** To the extent included in federal
23.7 ~~taxable~~ adjusted gross income, compensation received from a pension or other retirement
23.8 pay from the federal government for service in the military, as computed under United
23.9 States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The
23.10 subtraction is limited to individuals who do not claim the credit under section 290.0677.

23.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.12 31, 2018.

23.13 Sec. 32. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
23.14 to read:

23.15 Subd. 27. **Deferred foreign income of nonresidents.** For a nonresident individual the
23.16 amount of deferred foreign income as defined in section 290.01, subdivision 19i, is a
23.17 subtraction.

23.18 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the
23.19 changes in Public Law 115-97 relating to deferred foreign income were effective for federal
23.20 purposes.

23.21 Sec. 33. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
23.22 to read:

23.23 Subd. 28. **Global intangible low-taxed income.** The amount of global intangible
23.24 low-taxed income included in gross income under section 951A of the Internal Revenue
23.25 Code is a subtraction.

23.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
23.27 after December 31, 2017.

24.1 Sec. 34. Minnesota Statutes 2018, section 290.0133, subdivision 6, is amended to read:

24.2 Subd. 6. **Special deductions.** (a) The amount of any special deductions under sections
24.3 241 to 247, 250, and 965, except paragraph (h) of section 965, of the Internal Revenue Code
24.4 is an addition.

24.5 (b) The addition under this subdivision is reduced by the amount of the deduction under
24.6 section 245A of the Internal Revenue Code for an amount included in federal taxable income
24.7 in a prior taxable year under section 965 of the Internal Revenue Code.

24.8 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the
24.9 changes in Public Law 115-97, relating to deferred foreign income and global intangible
24.10 low-taxed income, were effective for federal purposes.

24.11 Sec. 35. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

24.12 Subd. 12. **Section 179 expensing.** For property placed in service in taxable years
24.13 beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed
24.14 under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction
24.15 allowable by section 179 of the Internal Revenue Code, as amended through December 31,
24.16 2003, is an addition.

24.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
24.18 after December 31, 2017.

24.19 Sec. 36. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision
24.20 to read:

24.21 Subd. 17. **Global intangible low-taxed income.** The amount of global intangible
24.22 low-taxed income included in gross income under section 951A of the Internal Revenue
24.23 Code is a subtraction.

24.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
24.25 after December 31, 2017.

24.26 Sec. 37. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

24.27 Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed
24.28 in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of
24.29 1986, as amended through December 31, 1995, except that the initial separate tax shall be
24.30 an amount equal to five times the tax which would be imposed by section 290.06, subdivision

25.1 2c, if the recipient was an unmarried individual, and the taxable net income was an amount
25.2 equal to one-fifth of the excess of

25.3 (i) the total taxable amount of the lump-sum distribution for the year, over

25.4 (ii) the minimum distribution allowance, and except that references in section 402(d) of
25.5 the Internal Revenue Code of 1986, as amended through December 31, 1995, to paragraph
25.6 (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the
25.7 subtraction base amount over ~~federal~~ taxable net income for a qualified individual as provided
25.8 under section 290.0802, subdivision 2.

25.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
25.10 31, 2018.

25.11 Sec. 38. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

25.12 Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation
25.13 under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent
25.14 provided in the following provisions of the Internal Revenue Code:

25.15 (1) section 527 (dealing with political organizations);

25.16 (2) section 528 (dealing with certain homeowners associations);

25.17 (3) sections 511 to 515 (dealing with unrelated business income);

25.18 (4) section 521 (dealing with farmers' cooperatives); and

25.19 (5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this
25.20 subdivision, shall be considered an organization exempt from income tax for the purposes
25.21 of any law which refers to organizations exempt from income taxes.

25.22 (b) The tax shall be imposed on the taxable income of political organizations or
25.23 homeowner associations or the unrelated business taxable income, as defined in section 512
25.24 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue
25.25 Code, provided that the tax is not imposed on:

25.26 (1) advertising revenues from a newspaper published by an organization described in
25.27 section 501(c)(4) of the Internal Revenue Code; ~~or~~

25.28 (2) revenues from lawful gambling authorized under chapter 349 that are expended for
25.29 purposes that qualify for the deduction for charitable contributions under section 170 of the
25.30 Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the
25.31 extent the contributions are not deductible in computing federal taxable income; or

26.1 (3) amounts included in unrelated business taxable income under section 512(a)(7) of
26.2 the Internal Revenue Code.

26.3 The tax shall be at the corporate rates. The tax shall only be imposed on income and
26.4 deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted
26.5 in computing federal taxable income, the deductions contained in section 290.21 shall not
26.6 be allowed in computing Minnesota taxable net income.

26.7 (c) The tax shall be imposed on organizations subject to federal tax under section
26.8 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate
26.9 multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are
26.10 attributable to lobbying the Minnesota state government.

26.11 (d) In calculating unrelated business taxable income under section 512 of the Internal
26.12 Revenue Code, the amount of any net operating loss deduction claimed under section 172
26.13 of the Internal Revenue Code is an addition. Taxpayers making an addition under this
26.14 paragraph may deduct a net operating loss for the taxable year in the same manner as a
26.15 corporation under section 290.095, in a form and manner prescribed by the commissioner,
26.16 and may calculate the loss without the application of the limitation provided for under
26.17 section 512(a)(6) of the Internal Revenue Code.

26.18 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
26.19 after December 31, 2017.

26.20 Sec. 39. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

26.21 Subd. 2d. **Inflation adjustment of brackets.** ~~(a) For taxable years beginning after~~
26.22 ~~December 31, 2013, The commissioner shall annually adjust the minimum and maximum~~
26.23 ~~dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be~~
26.24 ~~adjusted for inflation by the percentage determined under paragraph (b). For the purpose~~
26.25 ~~of making the adjustment as provided in this subdivision all of the rate brackets provided~~
26.26 ~~in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after~~
26.27 ~~December 31, 2012, and before January 1, 2014 as provided in section 270C.22. The statutory~~
26.28 ~~year is taxable year 2019.~~ The rate applicable to any rate bracket must not be changed. The
26.29 dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets.
26.30 The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket
26.31 ends in \$5, it must be rounded up to the nearest \$10 amount.

26.32 ~~(b) The commissioner shall adjust the rate brackets and by the percentage determined~~
26.33 ~~pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section~~

27.1 ~~1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the~~
27.2 ~~commissioner shall then determine the percent change from the 12 months ending on August~~
27.3 ~~31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~
27.4 ~~the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the~~
27.5 ~~year preceding the taxable year. The determination of the commissioner pursuant to this~~
27.6 ~~subdivision shall not be considered a "rule" and shall not be subject to the Administrative~~
27.7 ~~Procedure Act contained in chapter 14.~~

27.8 ~~No later than December 15 of each year, the commissioner shall announce the specific~~
27.9 ~~percentage that will be used to adjust the tax rate brackets.~~

27.10 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable
27.11 years beginning after December 31, 2019.

27.12 Sec. 40. Minnesota Statutes 2018, section 290.06, subdivision 2h, is amended to read:

27.13 Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

27.14 (1) the definitions under section 290.0684 apply;

27.15 (2) "account owner" means an individual who owns one or more qualified accounts;

27.16 (3) "credit ratio" means the ratio of (i) two times the total amount of credits that an
27.17 account owner claimed under section 290.0684 for contributions to the account owner's
27.18 qualified accounts to (ii) the total contributions in all taxable years to the account owner's
27.19 qualified accounts; ~~and~~

27.20 (4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of
27.21 the Internal Revenue Code, except section 529(c)(7) does not apply; and

27.22 (5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an
27.23 account owner claimed under section 290.0132, subdivision 23, for contributions to the
27.24 account owner's qualified accounts to (ii) the total contributions in all taxable years to the
27.25 account owner's qualified accounts.

27.26 (b) If a distribution from a qualified account is used for a purpose other than to pay for
27.27 qualified higher education expenses, the account owner must pay an additional tax equal
27.28 to:

27.29 (1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

27.30 (2) ten percent of the product of the subtraction ratio and the amount of the distribution.

28.1 (c) The additional tax under this subdivision does not apply to any portion of a distribution
28.2 that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

28.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
28.4 after December 31, 2017.

28.5 Sec. 41. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

28.6 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar
28.7 amount of the income threshold at which the maximum credit begins to be reduced under
28.8 subdivision 1 by the percentage determined pursuant to the provisions of section 1(f) of the
28.9 Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted
28.10 for the word "1992." For 2018, the commissioner shall then determine the percent change
28.11 from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,
28.12 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the
28.13 12 months ending on August 31 of the year preceding the taxable year. The determination
28.14 of the commissioner pursuant to this subdivision must not be considered a "rule" and is not
28.15 subject to the Administrative Procedure Act contained in chapter 14. The threshold amount
28.16 as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount
28.17 is rounded up to the nearest \$10 amount as provided in section 270C.22. The statutory year
28.18 is taxable year 2019.

28.19 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable
28.20 years beginning after December 31, 2019.

28.21 Sec. 42. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

28.22 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned
28.23 income amounts used to calculate the credit and the income phase-out thresholds at which
28.24 the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation.
28.25 The commissioner shall adjust by the percentage determined pursuant to the provisions of
28.26 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013"
28.27 shall be substituted for the word "1992." For 2015, the commissioner shall then determine
28.28 the percent change from the 12 months ending on August 31, 2013, to the 12 months ending
28.29 on August 31, 2014, and in each subsequent year, from the 12 months ending on August
28.30 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The
28.31 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10
28.32 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The
28.33 determination of the commissioner under this subdivision is not a rule under the

29.1 ~~Administrative Procedure Act~~ as provided in section 270C.22. The statutory year is taxable
29.2 year 2019.

29.3 **EFFECTIVE DATE.** This section is effective for adjustments for taxable years
29.4 beginning after December 31, 2019.

29.5 Sec. 43. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

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

29.8 (b) "Long-term care insurance" means a policy that:

29.9 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding
29.10 the adjusted gross income test; or meets the requirements given in section 62A.46; or provides
29.11 similar coverage issued under the laws of another jurisdiction; and

29.12 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

29.13 (3) has been offered in compliance with the inflation protection requirements of section
29.14 62S.23.

29.15 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

29.16 (d) "Premiums deducted in determining ~~federal taxable~~ net income" means the lesser of
29.17 (1) long-term care insurance premiums that qualify as deductions under section 213 of the
29.18 Internal Revenue Code; and (2) the total amount ~~deductible~~ deducted for medical care under
29.19 ~~section 213 of the Internal Revenue Code~~ section 290.0122, subdivision 6.

29.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
29.21 31, 2018.

29.22 Sec. 44. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

29.23 Subd. 2. **Credit.** A taxpayer is allowed a credit against the tax imposed by this chapter
29.24 for long-term care insurance policy premiums paid during the tax year. The credit for each
29.25 policy equals 25 percent of premiums paid to the extent not deducted in determining ~~federal~~
29.26 ~~taxable~~ net income. A taxpayer may claim a credit for only one policy for each qualified
29.27 beneficiary. A maximum of \$100 applies to each qualified beneficiary. The maximum total
29.28 credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other
29.29 filers. For a nonresident or part-year resident, the credit determined under this section must
29.30 be allocated based on the percentage calculated under section 290.06, subdivision 2c,
29.31 paragraph (e).

30.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
30.2 31, 2018.

30.3 Sec. 45. Minnesota Statutes 2018, section 290.0675, subdivision 1, is amended to read:

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

30.6 (b) "Earned income" means the sum of the following, to the extent included in Minnesota
30.7 taxable income:

30.8 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

30.9 (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity
30.10 plan; and

30.11 (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

30.12 (c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

30.13 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse
30.14 with the lesser amount of earned income as defined in paragraph (b) for the taxable year
30.15 minus the sum of (i) the amount for one exemption under section ~~151(d) of the Internal~~
30.16 ~~Revenue Code~~ 290.0121, subdivision 1, paragraph (b), and (ii) one-half the amount of the
30.17 standard deduction under section ~~63(e)(2)(A) and (4) of the Internal Revenue Code~~ 290.0123,
30.18 subdivision 1, clause (1).

30.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
30.20 31, 2018.

30.21 Sec. 46. Minnesota Statutes 2018, section 290.0681, subdivision 1, is amended to read:

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

30.24 (b) "Account" means the historic credit administration account in the special revenue
30.25 fund.

30.26 (c) "Office" means the State Historic Preservation Office of the Department of
30.27 Administration.

30.28 (d) "Project" means rehabilitation of a certified historic structure, as defined in section
30.29 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a
30.30 federal credit.

31.1 (e) "Federal credit" means the credit allowed under section ~~47(a)(2)~~ 47(a) of the Internal
31.2 Revenue Code, except that the amount allowed is deemed to be allocated in the taxable year
31.3 that the project is placed in service.

31.4 (f) "Placed in service" has the meaning used in section 47 of the Internal Revenue Code.

31.5 (g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the
31.6 Internal Revenue Code.

31.7 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation
31.8 certificates submitted after December 31, 2017.

31.9 Sec. 47. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

31.10 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed
31.11 against the tax imposed under this chapter equal to not more than 100 percent of the credit
31.12 allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit
31.13 is payable in full in the taxable year the project is placed in service. To qualify for the credit:

31.14 (1) the project must receive Part 3 certification and be placed in service during the taxable
31.15 year; and

31.16 (2) the taxpayer must be allowed the federal credit and be issued a credit certificate for
31.17 the taxable year as provided in subdivision 4.

31.18 (b) The commissioner of administration may pay a grant in lieu of the credit. The grant
31.19 equals 90 percent of the credit that would be allowed for the project. The grant is payable
31.20 in full in the taxable year the project is placed in service.

31.21 (c) In lieu of the credit under paragraph (a), an insurance company may claim a credit
31.22 against the insurance premiums tax imposed under chapter 297I.

31.23 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation
31.24 certificates submitted after December 31, 2017.

31.25 Sec. 48. Minnesota Statutes 2018, section 290.0684, subdivision 1, is amended to read:

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

31.28 (b) "Contribution" means the amount contributed to one or more qualified accounts
31.29 except that the amount:

32.1 (1) is reduced by any withdrawals or distributions, other than transfers or rollovers to
32.2 another qualified account, from a qualified account during the taxable year; and

32.3 (2) excludes the amount of any transfers or rollovers from a qualified account made
32.4 during the taxable year.

32.5 (c) "Federal adjusted gross income" has the meaning given under section 62(a) of the
32.6 Internal Revenue Code.

32.7 (d) "Qualified account" means an account qualifying under section 529 of the Internal
32.8 Revenue Code.

32.9 ~~(e) "Qualified higher education expenses" has the meaning given in section 529 of the~~
32.10 ~~Internal Revenue Code.~~

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

32.12 Sec. 49. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

32.13 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a
32.14 credit against the tax imposed by this chapter. The credit is not allowed to an individual
32.15 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the
32.16 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

32.17 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable
32.18 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no
32.19 case is the credit less than zero.

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

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

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

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

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

32.30 (e) The commissioner shall annually adjust the income thresholds in paragraphs (c) and
32.31 ~~(d) used to calculate the maximum credit must be adjusted for inflation. The commissioner~~

33.1 shall adjust the income thresholds by the percentage determined under the provisions of
33.2 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016"
33.3 is substituted for the word "1992." For 2018, the commissioner shall then determine the
33.4 percent change from the 12 months ending on August 31, 2016, to the 12 months ending
33.5 on August 31, 2017, and in each subsequent year, from the 12 months ending on August
33.6 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The
33.7 income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If
33.8 the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The
33.9 determination of the commissioner under this subdivision is not subject to chapter 14,
33.10 including section 14.386 as provided in section 270C.22. The statutory year is taxable year
33.11 2019.

33.12 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable
33.13 years beginning after December 31, 2019.

33.14 Sec. 50. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

33.15 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal
33.16 ~~taxable~~ adjusted gross income of the individual's subtraction base amount. The excess of
33.17 the subtraction base amount over the taxable net income computed without regard to the
33.18 subtraction for the elderly or disabled under section 290.0132, subdivision 5, may be used
33.19 to reduce the amount of a lump sum distribution subject to tax under section 290.032.

33.20 (b)(1) The initial subtraction base amount equals

33.21 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

33.22 (ii) \$9,600 for a single taxpayer, and

33.23 (iii) \$6,000 for a married taxpayer filing a separate federal return.

33.24 (2) The qualified individual's initial subtraction base amount, then, must be reduced by
33.25 the sum of nontaxable retirement and disability benefits and one-half of the amount of
33.26 adjusted gross income in excess of the following thresholds:

33.27 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified
33.28 individuals,

33.29 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one
33.30 spouse is a qualified individual, and

33.31 (iii) \$9,000 for a married taxpayer filing a separate federal return.

34.1 (3) In the case of a qualified individual who is under the age of 65, the maximum amount
34.2 of the subtraction base may not exceed the taxpayer's disability income.

34.3 (4) The resulting amount is the subtraction base amount.

34.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
34.5 31, 2018.

34.6 Sec. 51. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

34.11 (1) the taxpayer's federal alternative minimum taxable income as defined in section
34.12 55(b)(2) of the Internal Revenue Code;

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

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

34.16 (ii) the medical expense deduction;

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

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

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

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

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

34.30 (6) the amount of addition required by section 290.0131, subdivisions ~~9 to 11~~, 10, and
34.31 16; and

35.1 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
35.2 not included in the addition required under clause (6);

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

35.4 (i) interest income as defined in section 290.0132, subdivision 2;

35.5 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
35.6 3, to the extent included in federal alternative minimum taxable income;

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

35.11 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
35.12 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 29; ~~and~~

35.13 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
35.14 paragraph (c); and

35.15 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,
35.16 subdivision 7.

35.17 In the case of an estate or trust, alternative minimum taxable income must be computed
35.18 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum
35.19 taxable income must be increased by the addition in section 290.0131, subdivision 16.

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

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

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

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

35.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
35.29 31, 2018.

36.1 Sec. 52. Minnesota Statutes 2018, section 290.091, subdivision 3, is amended to read:

36.2 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum
36.3 tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005,~~ \$60,000
36.4 for married couples filing joint returns, \$30,000 for married individuals filing separate
36.5 returns, estates, and trusts, and \$45,000 for unmarried individuals.

36.6 (b) The exemption amount determined under this subdivision is subject to the phase out
36.7 under section ~~55(d)(3)~~ 55(d)(2) of the Internal Revenue Code, except that alternative
36.8 minimum taxable income as determined under this section must be substituted in the
36.9 computation of the phase out, and section 55(d)(4) of the Internal Revenue Code does not
36.10 apply.

36.11 (c) ~~For taxable years beginning after December 31, 2006,~~ The commissioner shall
36.12 annually adjust the exemption amount under amounts in paragraph (a) must be adjusted for
36.13 inflation. The commissioner shall adjust the exemption amount by the percentage determined
36.14 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section
36.15 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the
36.16 commissioner shall then determine the percent change from the 12 months ending on August
36.17 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from
36.18 the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the
36.19 year preceding the taxable year. The exemption amount as adjusted must be rounded to the
36.20 nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. The
36.21 determination of the commissioner under this subdivision is not a rule under the
36.22 Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable
36.23 year 2019.

36.24 **EFFECTIVE DATE.** (a) The amendment to paragraph (b) is effective the day following
36.25 final enactment.

36.26 (b) The amendment to paragraph (c) is effective for taxable years beginning after
36.27 December 31, 2019.

36.28 Sec. 53. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

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

36.31 (b) "Alternative minimum taxable net income" is alternative minimum taxable income,
36.32 (1) less the exemption amount, and

37.1 (2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

37.2 (c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of
 37.3 the excess of alternative minimum taxable income over \$150,000.

37.4 (d) "Minnesota alternative minimum taxable income" is alternative minimum taxable
 37.5 net income, less the deductions for alternative tax net operating loss under subdivision 4;
 37.6 and dividends received under subdivision 6. The sum of the deductions under this paragraph
 37.7 may not exceed 90 percent of alternative minimum taxable net income. This limitation does
 37.8 not apply to:

37.9 (1) a deduction for dividends paid to or received from a corporation which is subject to
 37.10 tax under section 290.36 and which is a member of an affiliated group of corporations as
 37.11 defined by the Internal Revenue Code; or

37.12 (2) a deduction for dividends received from a property and casualty insurer as defined
 37.13 under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations
 37.14 as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in
 37.15 consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31,
 37.16 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal
 37.17 Revenue Code.

37.18 (e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended
 37.19 through December 16, 2016.

37.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 37.21 31, 2018.

37.22 Sec. 54. Minnesota Statutes 2018, section 290.0922, subdivision 1, is amended to read:

37.23 Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without
 37.24 regard to this section, the franchise tax imposed on a corporation required to file under
 37.25 section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under
 37.26 section 290.9725 for the taxable year includes a tax equal to the following amounts:

| | | | |
|-------|---|---------------|-----------------|
| 37.27 | If the sum of the corporation's Minnesota | | |
| 37.28 | property, payrolls, and sales or receipts is: | | the tax equals: |
| 37.29 | less than | \$ 930,000 | \$ 0 |
| 37.30 | \$ 930,000 to | \$ 1,869,999 | \$ 190 |
| 37.31 | \$ 1,870,000 to | \$ 9,339,999 | \$ 560 |
| 37.32 | \$ 9,340,000 to | \$ 18,679,999 | \$ 1,870 |

| | | | | | |
|------|-----------------------|---------------|--|--|----------|
| 38.1 | \$ 18,680,000 to | \$ 37,359,999 | | | \$ 3,740 |
| 38.2 | \$ 37,360,000 or more | | | | \$ 9,340 |

38.3 (b) A tax is imposed for each taxable year on a corporation required to file a return under
 38.4 section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725
 38.5 and on a partnership required to file a return under section 289A.12, subdivision 3, other
 38.6 than a partnership that derives over 80 percent of its income from farming. The tax imposed
 38.7 under this paragraph is due on or before the due date of the return for the taxpayer due under
 38.8 section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for
 38.9 payment of this tax. The tax under this paragraph is equal to the following amounts:

| | | | | | |
|-------|-----------------------------------|----|------------|-----------------|----------|
| 38.10 | If the sum of the S corporation's | | | | |
| 38.11 | or partnership's Minnesota | | | | |
| 38.12 | property, payrolls, and sales or | | | | |
| 38.13 | receipts is: | | | the tax equals: | |
| 38.14 | less than | \$ | 930,000 | | \$ 0 |
| 38.15 | \$ 930,000 to | \$ | 1,869,999 | | \$ 190 |
| 38.16 | \$ 1,870,000 to | \$ | 9,339,999 | | \$ 560 |
| 38.17 | \$ 9,340,000 to | \$ | 18,679,999 | | \$ 1,870 |
| 38.18 | \$ 18,680,000 to | \$ | 37,359,999 | | \$ 3,740 |
| 38.19 | \$ 37,360,000 or more | | | | \$ 9,340 |

38.20 (c) The commissioner shall annually adjust the dollar amounts of both the tax and the
 38.21 property, payrolls, and sales or receipts thresholds in paragraphs (a) and (b) ~~by the percentage~~
 38.22 ~~determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except~~
 38.23 ~~that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For~~
 38.24 ~~2014, the commissioner shall determine the percentage change from the 12 months ending~~
 38.25 ~~on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent~~
 38.26 ~~year, from the 12 months ending on August 31, 2012, to the 12 months ending on August~~
 38.27 ~~31 of the year preceding the taxable year. The determination of the commissioner pursuant~~
 38.28 ~~to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in~~
 38.29 ~~chapter 14~~ as provided in section 270C.22. The statutory year is taxable year 2019. The tax
 38.30 amounts as adjusted must be rounded to the nearest \$10 amount and the threshold amounts
 38.31 must be adjusted to the nearest \$10,000 amount. For tax amounts that end in \$5, the amount
 38.32 is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000,
 38.33 the amount is rounded up to the nearest \$10,000.

38.34 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable
 38.35 years beginning after December 31, 2019.

39.1 Sec. 55. Minnesota Statutes 2018, section 290.095, subdivision 2, is amended to read:

39.2 Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this section
39.3 shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code,
39.4 with the modifications specified in subdivision 4. The deductions provided in section 290.21
39.5 cannot be used in the determination of a net operating loss.

39.6 (b) The term "net operating loss deduction" as used in this section means the aggregate
39.7 of the net operating loss carryovers to the taxable year, computed in accordance with
39.8 subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating to
39.9 the carryback of net operating losses, do not apply.

39.10 (c) The amount of net operating loss deduction under this section must not exceed 80
39.11 percent of taxable net income in a single taxable year.

39.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
39.13 after December 31, 2017.

39.14 Sec. 56. Minnesota Statutes 2018, section 290.17, subdivision 2, is amended to read:

39.15 Subd. 2. **Income not derived from conduct of a trade or business.** The income of a
39.16 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or
39.17 business must be assigned in accordance with paragraphs (a) to (f):

39.18 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section
39.19 3401(a) ~~and~~, (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the
39.20 extent that, the work of the employee is performed within it; all other income from such
39.21 sources is treated as income from sources without this state.

39.22 Severance pay shall be considered income from labor or personal or professional services.

39.23 (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete
39.24 or entertainer, income from compensation for labor or personal services performed within
39.25 this state shall be determined in the following manner:

39.26 (i) the amount of income to be assigned to Minnesota for an individual who is a
39.27 nonresident salaried athletic team employee shall be determined by using a fraction in which
39.28 the denominator contains the total number of days in which the individual is under a duty
39.29 to perform for the employer, and the numerator is the total number of those days spent in
39.30 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted
39.31 at the team's facilities as part of a team imposed program, are not included in the total number
39.32 of duty days. Bonuses earned as a result of play during the regular season or for participation

40.1 in championship, play-off, or all-star games must be allocated under the formula. Signing
40.2 bonuses are not subject to allocation under the formula if they are not conditional on playing
40.3 any games for the team, are payable separately from any other compensation, and are
40.4 nonrefundable; and

40.5 (ii) the amount of income to be assigned to Minnesota for an individual who is a
40.6 nonresident, and who is an athlete or entertainer not listed in item (i), for that person's athletic
40.7 or entertainment performance in Minnesota shall be determined by assigning to this state
40.8 all income from performances or athletic contests in this state.

40.9 (3) For purposes of this section, amounts received by a nonresident as "retirement income"
40.10 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public
40.11 Law 104-95, are not considered income derived from carrying on a trade or business or
40.12 from wages or other compensation for work an employee performed in Minnesota, and are
40.13 not taxable under this chapter.

40.14 (b) Income or gains from tangible property located in this state that is not employed in
40.15 the business of the recipient of the income or gains must be assigned to this state.

40.16 (c) Income or gains from intangible personal property not employed in the business of
40.17 the recipient of the income or gains must be assigned to this state if the recipient of the
40.18 income or gains is a resident of this state or is a resident trust or estate.

40.19 Gain on the sale of a partnership interest is allocable to this state in the ratio of the
40.20 original cost of partnership tangible property in this state to the original cost of partnership
40.21 tangible property everywhere, determined at the time of the sale. If more than 50 percent
40.22 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of
40.23 the partnership interest is allocated to this state in accordance with the sales factor of the
40.24 partnership for its first full tax period immediately preceding the tax period of the partnership
40.25 during which the partnership interest was sold.

40.26 Gain on the sale of an interest in a single member limited liability company that is
40.27 disregarded for federal income tax purposes is allocable to this state as if the single member
40.28 limited liability company did not exist and the assets of the limited liability company are
40.29 personally owned by the sole member.

40.30 Gain on the sale of goodwill or income from a covenant not to compete that is connected
40.31 with a business operating all or partially in Minnesota is allocated to this state to the extent
40.32 that the income from the business in the year preceding the year of sale was allocable to
40.33 Minnesota under subdivision 3.

41.1 When an employer pays an employee for a covenant not to compete, the income allocated
41.2 to this state is in the ratio of the employee's service in Minnesota in the calendar year
41.3 preceding leaving the employment of the employer over the total services performed by the
41.4 employee for the employer in that year.

41.5 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned
41.6 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision
41.7 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

41.8 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the
41.9 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

41.10 (f) For the purposes of this section, working as an employee shall not be considered to
41.11 be conducting a trade or business.

41.12 **EFFECTIVE DATE.** This section is effective for wages paid after December 31, 2018.

41.13 Sec. 57. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to
41.14 read:

41.15 **Subd. 4a. Controlled foreign corporations.** (a) For purposes of applying subdivision
41.16 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code
41.17 is deemed to be a domestic corporation if:

41.18 (1) a United States shareholder of a controlled foreign corporation is required for the
41.19 taxable year to include in gross income the shareholder's global intangible low-taxed income
41.20 under section 951A of the Internal Revenue Code; and

41.21 (2) the commissioner determines that the controlled foreign corporation is a member of
41.22 a unitary group.

41.23 The determination made by the commissioner under clause (2) is prima facie correct
41.24 and valid and the taxpayer subject to this determination has the burden of establishing the
41.25 determination's incorrectness or invalidity in any related action or proceeding.

41.26 (b) For purposes of imposing a tax under this chapter, the federal taxable income of a
41.27 controlled foreign corporation deemed to be a domestic corporation under this subdivision
41.28 must be computed as follows:

41.29 (1) a profit and loss statement must be prepared in the currency in which the books of
41.30 account of the controlled foreign corporation are regularly maintained;

42.1 (2) except as determined by the commissioner, adjustments must be made to the profit
42.2 and loss statement to conform the statement to the accounting principles generally accepted
42.3 in the United States for the preparation of those statements;

42.4 (3) adjustments must be made to the profit and loss statement to conform it to the tax
42.5 accounting standards required by the commissioner;

42.6 (4) unless otherwise authorized by the commissioner, the profit and loss statement of
42.7 each member of the combined group, and the apportionment factors related to the combined
42.8 group, whether domestic or foreign, must be converted into the currency in which the parent
42.9 company maintains its books and records; and

42.10 (5) income apportioned to this state must be expressed in United States dollars.

42.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
42.12 31, 2018.

42.13 Sec. 58. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to
42.14 read:

42.15 Subd. 4b. **Worldwide election.** (a) Taxpayer members of a unitary group, one or more
42.16 members of which are subject to the requirements of subdivision 4a, paragraph (a), for the
42.17 taxable year may elect to determine each of their apportioned shares of the net business
42.18 income or loss of the combined group under a worldwide election. Under such an election,
42.19 taxpayer members must take into account the entire income and apportionment factors of
42.20 each member of the unitary group, regardless of the place where a member is incorporated
42.21 or formed. Corporations or other entities incorporated or formed outside of the United States
42.22 are subject to the requirements of subdivision 4a, paragraph (b), in reporting their income.

42.23 (b) A worldwide election is effective only if made on a timely filed, original return for
42.24 the tax year by each member of the unitary group subject to tax under this chapter.

42.25 (c) A worldwide election is binding for and applies to the taxable year it is made and
42.26 for the ten following taxable years.

42.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
42.28 31, 2018.

43.1 Sec. 59. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to
43.2 read:

43.3 Subd. 4c. **Withdrawal; reinstatement.** (a) The election under subdivision 4b, paragraph
43.4 (a), may be withdrawn:

43.5 (1) after expiration of the ten-year period in subdivision 4b, paragraph (c), provided that
43.6 the withdrawal is made in writing within one year of the expiration of the election; or

43.7 (2) prior to the expiration of the ten-year period, if the taxpayer members:

43.8 (i) file a written withdrawal request with the commissioner of revenue;

43.9 (ii) would experience an extraordinary hardship due to unforeseen changes in this state's
43.10 tax statutes, laws, or policies; and

43.11 (iii) receive written permission from the commissioner approving the withdrawal, which
43.12 the commissioner may grant.

43.13 (b) A withdrawal made under paragraph (a) is binding for ten years. If no withdrawal
43.14 is properly made under paragraph (a), clause (1), the worldwide election is binding for an
43.15 additional ten taxable years. If the commissioner grants written permission to withdraw
43.16 under paragraph (a), clause (2), the commissioner must impose any requirement deemed
43.17 necessary to prevent evasion of tax or to clearly reflect income for the election period before
43.18 or after withdrawal.

43.19 (c) Notwithstanding the requirement binding withdrawal for ten years under paragraph
43.20 (b), the election may be reinstated if the taxpayer members:

43.21 (1) file a written reinstatement request with the commissioner of revenue;

43.22 (2) would experience an extraordinary hardship due to unforeseen changes in this state's
43.23 tax statutes, laws, or policies; and

43.24 (3) receive written permission from the commissioner approving the reinstatement, which
43.25 the commissioner may grant.

43.26 (d) A reinstatement under paragraph (c) is binding for a period of ten years. The withdrawal
43.27 provisions of paragraph (a) apply to a reinstatement under paragraph (c), and the provisions
43.28 of paragraph (c) apply to a reinstatement following a subsequent withdrawal.

43.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
43.30 31, 2018.

44.1 Sec. 60. Minnesota Statutes 2018, section 290.21, is amended by adding a subdivision to
44.2 read:

44.3 Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation
44.4 that is included pursuant to sections 951 and 965 of the Internal Revenue Code is dividend
44.5 income.

44.6 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the
44.7 changes in Public Law 115-97 relating to deferred foreign income were effective for federal
44.8 purposes.

44.9 Sec. 61. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

44.10 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages"
44.11 means the same as that term is defined in section 3401(a) ~~and~~ (f), and (i) of the Internal
44.12 Revenue Code.

44.13 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period
44.14 for which a payment of wages is ordinarily made to the employee by the employee's
44.15 employer, and the term "miscellaneous payroll period" means a payroll period other than a
44.16 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll
44.17 period.

44.18 (3) **Employee.** For purposes of this section the term "employee" means any resident
44.19 individual performing services for an employer, either within or without, or both within and
44.20 without the state of Minnesota, and every nonresident individual performing services within
44.21 the state of Minnesota, the performance of which services constitute, establish, and determine
44.22 the relationship between the parties as that of employer and employee. As used in the
44.23 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,
44.24 employee, or elected official of the United States, a state, or any political subdivision thereof,
44.25 or the District of Columbia, or any agency or instrumentality of any one or more of the
44.26 foregoing.

44.27 (4) **Employer.** For purposes of this section the term "employer" means any person,
44.28 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
44.29 and corporations transacting business in or deriving any income from sources within the
44.30 state of Minnesota for whom an individual performs or performed any service, of whatever
44.31 nature, as the employee of such person, except that if the person for whom the individual
44.32 performs or performed the services does not have control of the payment of the wages for
44.33 such services, the term "employer," except for purposes of paragraph (1), means the person

45.1 having control of the payment of such wages. As used in the preceding sentence, the term
45.2 "employer" includes any corporation, individual, estate, trust, or organization which is
45.3 exempt from taxation under section 290.05 and further includes, but is not limited to, officers
45.4 of corporations who have control, either individually or jointly with another or others, of
45.5 the payment of the wages.

45.6 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term
45.7 "number of withholding exemptions claimed" means the number of withholding exemptions
45.8 claimed in a withholding exemption certificate in effect under subdivision 5, except that if
45.9 no such certificate is in effect, the number of withholding exemptions claimed shall be
45.10 considered to be zero.

45.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
45.12 31, 2018.

45.13 Sec. 62. Minnesota Statutes 2018, section 290.92, subdivision 5, is amended to read:

45.14 Subd. 5. **Exemptions.** (1) **Entitlement.** An employee receiving wages shall on any day
45.15 be entitled to claim withholding exemptions in a number not to exceed the number of
45.16 withholding exemptions that the employee claims and that are allowable pursuant to section
45.17 3402(f)(1), (m), and (n) of the Internal Revenue Code for federal withholding purposes,
45.18 except:

45.19 (i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal
45.20 Revenue Code shall be the amount calculated under section 290.0123, subdivision 1; and

45.21 (ii) the exemption amount for the purposes of section 3402(f)(1)(A) of the Internal
45.22 Revenue Code shall be the amount calculated under section 290.0121, subdivision 1.

45.23 (2) **Withholding exemption certificate.** The provisions concerning exemption certificates
45.24 contained in section 3402(f)(2) and (3) of the Internal Revenue Code shall apply.

45.25 (3) **Form of certificate.** Withholding exemption certificates shall be in such form and
45.26 contain such information as the commissioner may by rule prescribe.

45.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
45.28 31, 2018.

45.29 Sec. 63. **[290.993] SPECIAL LIMITED ADJUSTMENT.**

45.30 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision
45.31 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision

46.1 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the
46.2 following special rules apply:

46.3 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an
46.4 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual
46.5 income tax purposes, regardless of the choice made on their federal return; and

46.6 (2) there is an adjustment to tax equal to the difference between the tax calculated under
46.7 this chapter using the Internal Revenue Code as amended through December 16, 2016, and
46.8 the tax calculated under this chapter using the Internal Revenue Code amended through
46.9 December 31, 2018, before the application of credits. The end result must be zero additional
46.10 tax due or refund.

46.11 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
46.12 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
46.13 13313, 13502, 13503, 13801, 14101, 14102, 14103, 14202, 14211 through 14215, and
46.14 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

46.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
46.16 after December 31, 2017, and before January 1, 2019.

46.17 Sec. 64. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

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

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

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

46.21 (i) all nontaxable income;

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

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

46.28 (iv) cash public assistance and relief;

46.29 (v) any pension or annuity (including railroad retirement benefits, all payments received
46.30 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
46.31 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

47.1 by the claimant or spouse and which funding payments were excluded from federal adjusted
47.2 gross income in the years when the payments were made;

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

47.5 (vii) workers' compensation;

47.6 (viii) nontaxable strike benefits;

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

47.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
47.11 1986, as amended through December 31, 1995;

47.12 (xi) contributions made by the claimant to an individual retirement account, including
47.13 a qualified voluntary employee contribution; simplified employee pension plan;
47.14 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
47.15 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
47.16 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
47.17 the claimant and spouse;

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

47.20 (xiii) nontaxable scholarship or fellowship grants;

47.21 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~
47.22 alimony received to the extent not included in the recipient's income;

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

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

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

47.29 In the case of an individual who files an income tax return on a fiscal year basis, the
47.30 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in
47.31 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced

48.1 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
48.2 or carryforward allowed for the year.

48.3 (b) "Income" does not include:

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

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

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

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

48.13 (5) relief granted under this chapter;

48.14 (6) child support payments received under a temporary or final decree of dissolution or
48.15 legal separation; ~~or~~

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

48.19 (8) alimony paid.

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

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

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

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

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

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

48.26 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or
48.27 before December 31 of the year for which the taxes were levied or rent paid, the exemption
48.28 amount.

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

49.1 (1) "exemption amount" means the exemption amount under section ~~151(d) of the Internal~~
49.2 ~~Revenue Code~~ 290.0121, subdivision 1, paragraph (b), for the taxable year for which the
49.3 income is reported;

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

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

49.10 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property
49.11 taxes payable in 2020 and rent paid in 2019.

49.12 Sec. 65. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

49.13 Subd. 12. **Gross rent.** (a) "Gross rent" means rental paid for the right of occupancy, at
49.14 arm's length, of a homestead, exclusive of charges for any medical services furnished by
49.15 the landlord as a part of the rental agreement, whether expressly set out in the rental
49.16 agreement or not.

49.17 (b) The gross rent of a resident of a nursing home or intermediate care facility is \$350
49.18 per month. The gross rent of a resident of an adult foster care home is \$550 per month.
49.19 ~~Beginning for rent paid in 2002,~~ The commissioner shall annually adjust ~~for inflation the~~
49.20 ~~gross rent~~ amounts stated in this paragraph. ~~The adjustment must be made in accordance~~
49.21 ~~with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph~~
49.22 ~~the percentage increase shall be determined from the year ending on June 30, 2001, to the~~
49.23 ~~year ending on June 30 of the year in which the rent is paid. The commissioner shall round~~
49.24 ~~the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall~~
49.25 ~~round it up to the next \$10 amount. The determination of the commissioner under this~~
49.26 ~~paragraph is not a rule under the Administrative Procedure Act as provided in section~~
49.27 270C.22. The statutory year is 2020.

49.28 (c) If the landlord and tenant have not dealt with each other at arm's length and the
49.29 commissioner determines that the gross rent charged was excessive, the commissioner may
49.30 adjust the gross rent to a reasonable amount for purposes of this chapter.

49.31 (d) Any amount paid by a claimant residing in property assessed pursuant to section
49.32 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from
49.33 gross rent for purposes of this chapter. However, property taxes imputed to the homestead

50.1 of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead
50.2 treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the
50.3 term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that
50.4 ownership is not in the name of the claimant.

50.5 **EFFECTIVE DATE.** This section is effective for adjustments beginning with refunds
50.6 based on rent paid in 2019.

50.7 Sec. 66. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

50.8 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue
50.9 Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

50.10 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property
50.11 taxes payable in 2020 and rent paid in 2019.

50.12 Sec. 67. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

50.13 Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar~~
50.14 ~~year 2002,~~ The commissioner shall annually adjust the dollar amounts of the income
50.15 thresholds and the maximum refunds under subdivisions 2 and 2a ~~for inflation.~~ The
50.16 ~~commissioner shall make the inflation adjustments in accordance with section 1(f) of the~~
50.17 ~~Internal Revenue Code, except that for purposes of this subdivision the percentage increase~~
50.18 ~~shall be determined as provided in this subdivision~~ as provided in section 270C.22. The
50.19 statutory year is 2020.

50.20 ~~(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds~~
50.21 ~~under subdivision 2 for inflation, the percentage increase shall be determined from the year~~
50.22 ~~ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which~~
50.23 ~~the refund is payable.~~

50.24 ~~(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds~~
50.25 ~~under subdivision 2a for inflation, the percentage increase shall be determined from the~~
50.26 ~~year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in~~
50.27 ~~which the refund is payable.~~

50.28 ~~(d) The commissioner shall use the appropriate percentage increase to annually adjust~~
50.29 ~~the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation~~
50.30 ~~without regard to whether or not the income tax brackets are adjusted for inflation in that~~
50.31 ~~year. The commissioner shall round the thresholds and the maximum amounts, as adjusted~~

51.1 ~~to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to~~
51.2 ~~the next \$10 amount.~~

51.3 ~~(e) The commissioner shall annually announce the adjusted refund schedule at the same~~
51.4 ~~time provided under section 290.06. The determination of the commissioner under this~~
51.5 ~~subdivision is not a rule under the Administrative Procedure Act.~~

51.6 **EFFECTIVE DATE.** This section is effective for adjustments for refunds based on
51.7 rent paid in 2020 and property taxes payable in 2021.

51.8 Sec. 68. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

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

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

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

51.18 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,
51.19 as amended through ~~December 16, 2016~~ December 31, 2018.

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

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

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

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

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

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

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

52.10 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
52.11 Code, owned by a nonresident decedent and that is normally kept or located in this state
52.12 because it is on loan to an organization, qualifying as exempt from taxation under section
52.13 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
52.14 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

52.18 For a nonresident decedent with an ownership interest in a pass-through entity with
52.19 assets that include real or tangible personal property, situs of the real or tangible personal
52.20 property, including qualified works of art, is determined as if the pass-through entity does
52.21 not exist and the real or tangible personal property is personally owned by the decedent. If
52.22 the pass-through entity is owned by a person or persons in addition to the decedent, ownership
52.23 of the property is attributed to the decedent in proportion to the decedent's capital ownership
52.24 share of the pass-through entity.

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

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

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

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

53.1 (iv) a trust to the extent the property is ~~includible~~ includable in the decedent's federal
53.2 gross estate; but excludes

53.3 (v) an entity whose ownership interest securities are traded on an exchange regulated
53.4 by the Securities and Exchange Commission as a national securities exchange under section
53.5 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

53.6 **EFFECTIVE DATE.** This section is effective the day following final enactment except
53.7 the changes incorporated by federal changes are effective retroactively at the same time the
53.8 changes became effective for federal purposes.

53.9 Sec. 69. Minnesota Statutes 2018, section 297A.68, subdivision 25, is amended to read:

53.10 Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal
53.11 property primarily used in a trade or business is exempt if the sale is not made in the normal
53.12 course of business of selling that kind of property and if one of the following conditions is
53.13 satisfied:

53.14 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,
53.15 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended
53.16 through December 16, 2016;

53.17 (2) the sale is between members of a controlled group as defined in section 1563(a) of
53.18 the Internal Revenue Code;

53.19 (3) the sale is a sale of farm machinery;

53.20 (4) the sale is a farm auction sale;

53.21 (5) the sale is a sale of substantially all of the assets of a trade or business; or

53.22 (6) the total amount of gross receipts from the sale of trade or business property made
53.23 during the calendar month of the sale and the preceding 11 calendar months does not exceed
53.24 \$1,000.

53.25 The use, storage, distribution, or consumption of tangible personal property acquired as
53.26 a result of a sale exempt under this subdivision is also exempt.

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

53.28 (1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially
53.29 all of the property sold consists of property used in the trade or business of farming and
53.30 property not used primarily in a trade or business.

54.1 (2) "Trade or business" includes the assets of a separate division, branch, or identifiable
54.2 segment of a trade or business if, before the sale, the income and expenses attributable to
54.3 the separate division, branch, or identifiable segment could be separately ascertained from
54.4 the books of account or record (the lease or rental of an identifiable segment does not qualify
54.5 for the exemption).

54.6 (3) A "sale of substantially all of the assets of a trade or business" must occur as a single
54.7 transaction or a series of related transactions within the 12-month period beginning on the
54.8 date of the first sale of assets intended to qualify for the exemption provided in paragraph
54.9 (a), clause (5).

54.10 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
54.11 made after December 31, 2017.

54.12 Sec. 70. Minnesota Statutes 2018, section 297B.03, is amended to read:

54.13 **297B.03 EXEMPTIONS.**

54.14 There is specifically exempted from the provisions of this chapter and from computation
54.15 of the amount of tax imposed by it the following:

54.16 (1) purchase or use, including use under a lease purchase agreement or installment sales
54.17 contract made pursuant to section 465.71, of any motor vehicle by the United States and its
54.18 agencies and instrumentalities and by any person described in and subject to the conditions
54.19 provided in section 297A.67, subdivision 11;

54.20 (2) purchase or use of any motor vehicle by any person who was a resident of another
54.21 state or country at the time of the purchase and who subsequently becomes a resident of
54.22 Minnesota, provided the purchase occurred more than 60 days prior to the date such person
54.23 began residing in the state of Minnesota and the motor vehicle was registered in the person's
54.24 name in the other state or country;

54.25 (3) purchase or use of any motor vehicle by any person making a valid election to be
54.26 taxed under the provisions of section 297A.90;

54.27 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota
54.28 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,
54.29 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,
54.30 as amended through December 16, 2016;

54.31 (5) purchase or use of any vehicle owned by a resident of another state and leased to a
54.32 Minnesota-based private or for-hire carrier for regular use in the transportation of persons

55.1 or property in interstate commerce provided the vehicle is titled in the state of the owner or
55.2 secured party, and that state does not impose a sales tax or sales tax on motor vehicles used
55.3 in interstate commerce;

55.4 (6) purchase or use of a motor vehicle by a private nonprofit or public educational
55.5 institution for use as an instructional aid in automotive training programs operated by the
55.6 institution. "Automotive training programs" includes motor vehicle body and mechanical
55.7 repair courses but does not include driver education programs;

55.8 (7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10
55.9 when that vehicle is equipped and specifically intended for emergency response or for
55.10 providing ambulance service;

55.11 (8) purchase of a motor vehicle by or for a public library, as defined in section 134.001,
55.12 subdivision 2, as a bookmobile or library delivery vehicle;

55.13 (9) purchase of a ready-mixed concrete truck;

55.14 (10) purchase or use of a motor vehicle by a town for use exclusively for road
55.15 maintenance, including snowplows and dump trucks, but not including automobiles, vans,
55.16 or pickup trucks;

55.17 (11) purchase or use of a motor vehicle by a corporation, society, association, foundation,
55.18 or institution organized and operated exclusively for charitable, religious, or educational
55.19 purposes, except a public school, university, or library, but only if the vehicle is:

55.20 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
55.21 passenger automobile, as defined in section 168.002, if the automobile is designed and used
55.22 for carrying more than nine persons including the driver; and

55.23 (ii) intended to be used primarily to transport tangible personal property or individuals,
55.24 other than employees, to whom the organization provides service in performing its charitable,
55.25 religious, or educational purpose;

55.26 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
55.27 transit service is exempt if the transit provider is either (i) receiving financial assistance or
55.28 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
55.29 473.388, or 473.405;

55.30 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
55.31 469.310, located in a job opportunity building zone, if the motor vehicle is principally
55.32 garaged in the job opportunity building zone and is primarily used as part of or in direct
55.33 support of the person's operations carried on in the job opportunity building zone. The

56.1 exemption under this clause applies to sales, if the purchase was made and delivery received
56.2 during the duration of the job opportunity building zone. The exemption under this clause
56.3 also applies to any local sales and use tax;

56.4 (14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own
56.5 program from a charitable organization that is:

56.6 (i) described in section 501(c)(3) of the Internal Revenue Code; and

56.7 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

56.8 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the
56.9 provision of medical or dental services by a federally qualified health center, as defined
56.10 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget
56.11 Reconciliation Act of 1990.

56.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
56.13 made after December 31, 2017.

56.14 Sec. 71. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

56.15 Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an
56.16 account holder is allowed a subtraction from ~~the~~ federal ~~taxable~~ adjusted gross income equal
56.17 to interest or dividends earned on the first-time home buyer savings account during the
56.18 taxable year.

56.19 (b) The subtraction under paragraph (a) is allowed each year for the taxable years
56.20 including and following the taxable year in which the account was established. No person
56.21 other than the account holder is allowed a subtraction under this section.

56.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
56.23 31, 2018.

56.24 Sec. 72. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

56.25 Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account
56.26 holder must add to federal ~~taxable~~ adjusted gross income the following amounts:

56.27 (1) the amount in excess of the total contributions for all taxable years that is withdrawn
56.28 and used for other than eligible costs, or for a transfer permitted under section 462D.04,
56.29 subdivision 2; and

56.30 (2) the amount remaining in the first-time home buyer savings account at the close of
56.31 the tenth taxable year that exceeds the total contributions to the account for all taxable years.

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

57.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
57.5 31, 2018.

57.6 Sec. 73. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

57.7 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business
57.8 in a job opportunity building zone, and an individual, estate, or trust making a qualifying
57.9 investment in a qualified business operating in a job opportunity building zone qualifies for
57.10 the exemptions from taxes imposed under chapter 290, as provided in this section. The
57.11 exemptions provided under this section apply only to the extent that the income otherwise
57.12 would be taxable under chapter 290. Subtractions under this section from federal adjusted
57.13 gross income, federal taxable income, alternative minimum taxable income, or any other
57.14 base subject to tax are limited to the amount that otherwise would be included in the tax
57.15 base absent the exemption under this section. This section applies only to taxable years
57.16 beginning during the duration of the job opportunity building zone.

57.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
57.18 31, 2018.

57.19 Sec. 74. **SPECIAL PROVISION FOR TAX YEAR 2017.**

57.20 Notwithstanding any law to the contrary or other provision of this article, sections 40202
57.21 and 40203 of Public Law 115-123 shall not apply for the purpose of calculating net income
57.22 under section 290.01, subdivision 6, for taxable years beginning after December 31, 2016,
57.23 and before January 1, 2018.

57.24 Sec. 75. **REVISOR INSTRUCTION.**

57.25 The commissioner of revenue must promptly notify the revisor of statutes in writing of
57.26 the adjusted statutory year amounts for each of the statutory sections that are indexed for
57.27 inflation under section 270C.22. The revisor shall publish the updated statutory amounts in
57.28 the 2019 Supplement of Minnesota Statutes.

57.29 Sec. 76. **REPEALER.**

57.30 Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 11, 12, and 13; 290.0132,
57.31 subdivision 8; 290.0133, subdivisions 13 and 14; and 290.10, subdivision 2, are repealed.

58.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
58.2 31, 2018.

58.3 ARTICLE 2

58.4 INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

58.5 Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 1, is amended to read:

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

58.8 (b) "Qualified small business" means a business that has been certified by the
58.9 commissioner under subdivision 2.

58.10 (c) "Qualified investor" means an investor who has been certified by the commissioner
58.11 under subdivision 3.

58.12 (d) "Qualified fund" means a pooled angel investment network fund that has been certified
58.13 by the commissioner under subdivision 4.

58.14 (e) "Qualified investment" means a cash investment in a qualified small business of a
58.15 minimum of:

58.16 (1) \$10,000 in a calendar year by a qualified investor; ~~or~~

58.17 (2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota
58.18 businesses or minority- or women-owned businesses in Minnesota; or

58.19 ~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.

58.20 A qualified investment must be made in exchange for common stock, a partnership or
58.21 membership interest, preferred stock, debt with mandatory conversion to equity, or an
58.22 equivalent ownership interest as determined by the commissioner.

58.23 (f) "Family" means a family member within the meaning of the Internal Revenue Code,
58.24 section 267(c)(4).

58.25 (g) "Pass-through entity" means a corporation that for the applicable taxable year is
58.26 treated as an S corporation or a general partnership, limited partnership, limited liability
58.27 partnership, trust, or limited liability company and which for the applicable taxable year is
58.28 not taxed as a corporation under chapter 290.

58.29 (h) "Intern" means a student of an accredited institution of higher education, or a former
58.30 student who has graduated in the past six months from an accredited institution of higher
58.31 education, who is employed by a qualified small business in a nonpermanent position for

59.1 a duration of nine months or less that provides training and experience in the primary
59.2 business activity of the business.

59.3 (i) "Liquidation event" means a conversion of qualified investment for cash, cash and
59.4 other consideration, or any other form of equity or debt interest.

59.5 (j) "Qualified greater Minnesota business" means a qualified small business that is also
59.6 certified by the commissioner as a qualified greater Minnesota business under subdivision
59.7 2, paragraph (h).

59.8 (k) "Minority group member" means a United States citizen who is Asian, Pacific
59.9 Islander, Black, Hispanic, or Native American.

59.10 (l) "Minority-owned business" means a business for which one or more minority group
59.11 members:

59.12 (1) own at least 50 percent of the business, or, in the case of a publicly owned business,
59.13 own at least 51 percent of the stock; and

59.14 (2) manage the business and control the daily business operations.

59.15 (m) "Women" means persons of the female gender.

59.16 (n) "Women-owned business" means a business for which one or more women:

59.17 (1) own at least 50 percent of the business, or, in the case of a publicly owned business,
59.18 own at least 51 percent of the stock; and

59.19 (2) manage the business and control the daily business operations.

59.20 (o) "Officer" means a person elected or appointed by the board of directors to manage
59.21 the daily operations of the qualified small business.

59.22 (p) "Principal" means a person having authority to act on behalf of the qualified small
59.23 business.

59.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
59.25 31, 2018.

59.26 Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 2, is amended to read:

59.27 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the
59.28 commissioner for certification as a qualified small business or qualified greater Minnesota
59.29 small business for a calendar year. The application must be in the form and be made under
59.30 the procedures specified by the commissioner, accompanied by an application fee of \$150.
59.31 Application fees are deposited in the small business investment tax credit administration

60.1 account in the special revenue fund. ~~The application for certification for 2010 must be made~~
60.2 ~~available on the department's website by August 1, 2010.~~ Applications for subsequent years'
60.3 certification must be made available on the department's website by November 1 of the
60.4 preceding year.

60.5 (b) Within 30 days of receiving an application for certification under this subdivision,
60.6 the commissioner must either certify the business as satisfying the conditions required of a
60.7 qualified small business or qualified greater Minnesota small business, request additional
60.8 information from the business, or reject the application for certification. If the commissioner
60.9 requests additional information from the business, the commissioner must either certify the
60.10 business or reject the application within 30 days of receiving the additional information. If
60.11 the commissioner neither certifies the business nor rejects the application within 30 days
60.12 of receiving the original application or within 30 days of receiving the additional information
60.13 requested, whichever is later, then the application is deemed rejected, and the commissioner
60.14 must refund the \$150 application fee. A business that applies for certification and is rejected
60.15 may reapply.

60.16 (c) To receive certification as a qualified small business, a business must satisfy all of
60.17 the following conditions:

60.18 (1) the business has its headquarters in Minnesota;

60.19 (2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii)
60.20 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent
60.21 of the total value of all contractual agreements to which the business is a party in connection
60.22 with its primary business activity is for services performed under contract in Minnesota,
60.23 unless the business obtains a waiver under paragraph (i);

60.24 (3) the business is engaged in, or is committed to engage in, innovation in Minnesota in
60.25 one of the following as its primary business activity:

60.26 (i) using proprietary technology to add value to a product, process, or service in a qualified
60.27 high-technology field;

60.28 (ii) researching or developing a proprietary product, process, or service in a qualified
60.29 high-technology field;

60.30 (iii) researching or developing a proprietary product, process, or service in the fields of
60.31 agriculture, tourism, forestry, mining, manufacturing, or transportation; or

60.32 (iv) researching, developing, or producing a new proprietary technology for use in the
60.33 fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

61.1 (4) other than the activities specifically listed in clause (3), the business is not engaged
61.2 in real estate development, insurance, banking, lending, lobbying, political consulting,
61.3 information technology consulting, wholesale or retail trade, leisure, hospitality,
61.4 transportation, construction, ethanol production from corn, or professional services provided
61.5 by attorneys, accountants, business consultants, physicians, or health care consultants;

61.6 (5) the business has fewer than 25 employees;

61.7 (6) the business must pay its employees annual wages of at least 175 percent of the
61.8 federal poverty guideline for the year for a family of four and must pay its interns annual
61.9 wages of at least 175 percent of the federal minimum wage used for federally covered
61.10 employers, except that this requirement must be reduced proportionately for employees and
61.11 interns who work less than full-time, and does not apply to an executive, officer, or member
61.12 of the board of the business, or to any employee who owns, controls, or holds power to vote
61.13 more than 20 percent of the outstanding securities of the business;

61.14 (7) the business has (i) not been in operation for more than ten years, or (ii) not been in
61.15 operation for more than 20 years if the business is engaged in the research, development,
61.16 or production of medical devices or pharmaceuticals for which United States Food and Drug
61.17 Administration approval is required for use in the treatment or diagnosis of a disease or
61.18 condition;

61.19 (8) the business has not previously received private equity investments of more than
61.20 \$4,000,000;

61.21 (9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause
61.22 (3); and

61.23 (10) the business has not issued securities that are traded on a public exchange.

61.24 (d) In applying the limit under paragraph (c), clause (5), the employees in all members
61.25 of the unitary business, as defined in section 290.17, subdivision 4, must be included.

61.26 (e) In order for a qualified investment in a business to be eligible for tax credits:

61.27 (1) the business must have applied for and received certification for the calendar year
61.28 in which the investment was made prior to the date on which the qualified investment was
61.29 made;

61.30 (2) the business must not have issued securities that are traded on a public exchange;

61.31 (3) the business must not issue securities that are traded on a public exchange within
61.32 180 days after the date on which the qualified investment was made; and

62.1 (4) the business must not have a liquidation event within 180 days after the date on
62.2 which the qualified investment was made.

62.3 (f) The commissioner must maintain a list of qualified small businesses and qualified
62.4 greater Minnesota businesses certified under this subdivision for the calendar year and make
62.5 the list accessible to the public on the department's website.

62.6 (g) For purposes of this subdivision, the following terms have the meanings given:

62.7 (1) "qualified high-technology field" includes aerospace, agricultural processing,
62.8 renewable energy, energy efficiency and conservation, environmental engineering, food
62.9 technology, cellulosic ethanol, information technology, materials science technology,
62.10 nanotechnology, telecommunications, biotechnology, medical device products,
62.11 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

62.12 (2) "proprietary technology" means the technical innovations that are unique and legally
62.13 owned or licensed by a business and includes, without limitation, those innovations that are
62.14 patented, patent pending, a subject of trade secrets, or copyrighted; and

62.15 (3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan
62.16 area as defined in section 473.121, subdivision 2.

62.17 (h) To receive certification as a qualified greater Minnesota business, a business must
62.18 satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

62.19 (1) the business has its headquarters in greater Minnesota; and

62.20 (2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota;
62.21 (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and
62.22 (iii) 51 percent of the total value of all contractual agreements to which the business is a
62.23 party in connection with its primary business activity is for services performed under contract
62.24 in greater Minnesota, unless the business obtains a waiver under paragraph (i).

62.25 (i) The commissioner must exempt a business from the requirement under paragraph
62.26 (c), clause (2), item (iii), if the business certifies to the commissioner that the services
62.27 required under a contract in connection with the primary business activity cannot be
62.28 performed in Minnesota if the business otherwise qualifies as a qualified small business, or
62.29 in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota
62.30 business. The business must submit the certification required under this paragraph every
62.31 six months from the month the exemption was granted. The exemption allowed under this
62.32 paragraph must be submitted in a form and manner prescribed by the commissioner.

63.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
63.2 31, 2018.

63.3 Sec. 3. Minnesota Statutes 2018, section 116J.8737, subdivision 3, is amended to read:

63.4 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
63.5 commissioner for certification as a qualified investor for a taxable year. The application
63.6 must be in the form and be made under the procedures specified by the commissioner,
63.7 accompanied by an application fee of \$350. Application fees are deposited in the small
63.8 business investment tax credit administration account in the special revenue fund. ~~The~~
63.9 ~~application for certification for 2010 must be made available on the department's website~~
63.10 ~~by August 1, 2010.~~ Applications for subsequent years' certification must be made available
63.11 on the department's website by November 1 of the preceding year.

63.12 (b) Within 30 days of receiving an application for certification under this subdivision,
63.13 the commissioner must either certify the investor as satisfying the conditions required of a
63.14 qualified investor, request additional information from the investor, or reject the application
63.15 for certification. If the commissioner requests additional information from the investor, the
63.16 commissioner must either certify the investor or reject the application within 30 days of
63.17 receiving the additional information. If the commissioner neither certifies the investor nor
63.18 rejects the application within 30 days of receiving the original application or within 30 days
63.19 of receiving the additional information requested, whichever is later, then the application
63.20 is deemed rejected, and the commissioner must refund the \$350 application fee. An investor
63.21 who applies for certification and is rejected may reapply.

63.22 (c) To receive certification, an investor must (1) be a natural person; and (2) certify to
63.23 the commissioner that the investor will only invest in a transaction that is exempt under
63.24 section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a
63.25 security registered under section 80A.50, paragraph (b).

63.26 (d) In order for a qualified investment in a qualified small business to be eligible for tax
63.27 credits, a qualified investor who makes the investment must have applied for and received
63.28 certification for the calendar year prior to making the qualified investment, except in the
63.29 case of an investor who is not an accredited investor, within the meaning of Regulation D
63.30 of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section
63.31 230.501, paragraph (a), application for certification may be made within 30 days after
63.32 making the qualified investment.

63.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
63.34 31, 2018.

64.1 Sec. 4. Minnesota Statutes 2018, section 116J.8737, subdivision 4, is amended to read:

64.2 Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the
64.3 commissioner for certification as a qualified fund for a calendar year. The application must
64.4 be in the form and be made under the procedures specified by the commissioner, accompanied
64.5 by an application fee of \$1,000. Application fees are deposited in the small business
64.6 investment tax credit administration account in the special revenue fund. ~~The application~~
64.7 ~~for certification for 2010 of qualified funds must be made available on the department's~~
64.8 ~~website by August 1, 2010.~~ Applications for subsequent years' certification must be made
64.9 available by November 1 of the preceding year.

64.10 (b) Within 30 days of receiving an application for certification under this subdivision,
64.11 the commissioner must either certify the fund as satisfying the conditions required of a
64.12 qualified fund, request additional information from the fund, or reject the application for
64.13 certification. If the commissioner requests additional information from the fund, the
64.14 commissioner must either certify the fund or reject the application within 30 days of receiving
64.15 the additional information. If the commissioner neither certifies the fund nor rejects the
64.16 application within 30 days of receiving the original application or within 30 days of receiving
64.17 the additional information requested, whichever is later, then the application is deemed
64.18 rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies
64.19 for certification and is rejected may reapply.

64.20 (c) To receive certification, a fund must:

64.21 (1) invest or intend to invest in qualified small businesses;

64.22 (2) be organized as a pass-through entity; and

64.23 (3) have at least three separate investors, of whom at least three whose investment is
64.24 made in the certified business and who seek a tax credit allocation satisfy the conditions in
64.25 subdivision 3, paragraph (c).

64.26 (d) Investments in the fund may consist of equity investments or notes that pay interest
64.27 or other fixed amounts, or any combination of both.

64.28 (e) In order for a qualified investment in a qualified small business to be eligible for tax
64.29 credits, a qualified fund that makes the investment must have applied for and received
64.30 certification for the calendar year prior to making the qualified investment.

64.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
64.32 31, 2018.

65.1 Sec. 5. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

65.2 Subd. 5. **Credit allowed.** (a)~~(1)~~ A qualified investor or qualified fund is eligible for a
65.3 credit equal to 25 percent of the qualified investment in a qualified small business.

65.4 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified
65.5 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits
65.6 to qualified investors or qualified funds for taxable years beginning after December 31,
65.7 ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits~~
65.8 ~~to qualified investors or qualified funds for taxable years beginning after December 31,~~
65.9 ~~2016, and before January 1, 2018; and (2) for taxable years beginning after December 31,~~
65.10 ~~2014, and before January 1, 2018, and before January 1, 2021.~~ For each taxable year, 50
65.11 percent must be allocated to credits for qualifying investments in qualified greater Minnesota
65.12 businesses and minority- or women-owned qualified small businesses in Minnesota. Any
65.13 portion of a taxable year's credits that is reserved for qualifying investments in greater
65.14 Minnesota businesses and minority- or women-owned qualified small businesses in
65.15 Minnesota that is not allocated by September 30 of the taxable year is available for allocation
65.16 to other credit applications beginning on October 1. Any portion of a taxable year's credits
65.17 that is not allocated by the commissioner does not cancel and may be carried forward to
65.18 subsequent taxable years until all credits have been allocated.

65.19 (b) The commissioner may not allocate more than a total maximum amount in credits
65.20 for a taxable year to a qualified investor for the investor's cumulative qualified investments
65.21 as an individual qualified investor and as an investor in a qualified fund; for married couples
65.22 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
65.23 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
65.24 over all taxable years for qualified investments in any one qualified small business.

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

65.28 (1) the investor is an officer or principal of the qualified small business; or

65.29 (2) the investor, either individually or in combination with one or more members of the
65.30 investor's family, owns, controls, or holds the power to vote 20 percent or more of the
65.31 outstanding securities of the qualified small business.

65.32 A member of the family of an individual disqualified by this paragraph is not eligible for a
65.33 credit under this section. For a married couple filing a joint return, the limitations in this
65.34 paragraph apply collectively to the investor and spouse. For purposes of determining the

66.1 ownership interest of an investor under this paragraph, the rules under section 267(c) and
66.2 267(e) of the Internal Revenue Code apply.

66.3 (d) Applications for tax credits for 2010 must be made available on the department's
66.4 website by September 1, 2010, and the department must begin accepting applications by
66.5 September 1, 2010. Applications for subsequent years must be made available by November
66.6 1 of the preceding year.

66.7 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
66.8 Tax credits must be allocated to qualified investors or qualified funds in the order that the
66.9 tax credit request applications are filed with the department. The commissioner must approve
66.10 or reject tax credit request applications within 15 days of receiving the application. The
66.11 investment specified in the application must be made within 60 days of the allocation of
66.12 the credits. If the investment is not made within 60 days, the credit allocation is canceled
66.13 and available for reallocation. A qualified investor or qualified fund that fails to invest as
66.14 specified in the application, within 60 days of allocation of the credits, must notify the
66.15 commissioner of the failure to invest within five business days of the expiration of the
66.16 60-day investment period.

66.17 (f) All tax credit request applications filed with the department on the same day must
66.18 be treated as having been filed contemporaneously. If two or more qualified investors or
66.19 qualified funds file tax credit request applications on the same day, and the aggregate amount
66.20 of credit allocation claims exceeds the aggregate limit of credits under this section or the
66.21 lesser amount of credits that remain unallocated on that day, then the credits must be allocated
66.22 among the qualified investors or qualified funds who filed on that day on a pro rata basis
66.23 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
66.24 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
66.25 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
66.26 denominator of which is the total of all credit allocation claims filed on behalf of all
66.27 applicants on that day, by the amount of credits that remain unallocated on that day for the
66.28 taxable year.

66.29 (g) A qualified investor or qualified fund, or a qualified small business acting on their
66.30 behalf, must notify the commissioner when an investment for which credits were allocated
66.31 has been made, and the taxable year in which the investment was made. A qualified fund
66.32 must also provide the commissioner with a statement indicating the amount invested by
66.33 each investor in the qualified fund based on each investor's share of the assets of the qualified
66.34 fund at the time of the qualified investment. After receiving notification that the investment
66.35 was made, the commissioner must issue credit certificates for the taxable year in which the

67.1 investment was made to the qualified investor or, for an investment made by a qualified
67.2 fund, to each qualified investor who is an investor in the fund. The certificate must state
67.3 that the credit is subject to revocation if the qualified investor or qualified fund does not
67.4 hold the investment in the qualified small business for at least three years, consisting of the
67.5 calendar year in which the investment was made and the two following years. The three-year
67.6 holding period does not apply if:

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

67.9 (2) 80 percent or more of the assets of the qualified small business is sold before the end
67.10 of the three-year period;

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

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

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

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

67.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
67.18 31, 2018.

67.19 Sec. 6. Minnesota Statutes 2018, section 116J.8737, subdivision 6, is amended to read:

67.20 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business
67.21 that received an investment that qualified for a credit, and each qualified investor and
67.22 qualified fund that made an investment that qualified for a credit, must submit an annual
67.23 report to the commissioner and pay a filing fee of \$100 as required under this subdivision.
67.24 Each qualified investor and qualified fund must submit reports for three years following
67.25 each year in which it made an investment that qualified for a credit, and each qualified small
67.26 business must submit reports for five years following the year in which it received an
67.27 investment qualifying for a credit. Reports must be made in the form required by the
67.28 commissioner. All filing fees collected are deposited in the small business investment tax
67.29 credit administration account in the special revenue fund.

67.30 (b) A report from a qualified small business must certify that the business satisfies the
67.31 following requirements:

67.32 (1) the business has its headquarters in Minnesota;

68.1 (2) at least 51 percent of the business's employees are employed in Minnesota, and 51
68.2 percent of the business's total payroll is paid or incurred in the state;

68.3 (3) that the business is engaged in, or is committed to engage in, innovation in Minnesota
68.4 as defined under subdivision 2; and

68.5 (4) that the business meets the payroll requirements in subdivision 2, paragraph (c),
68.6 clause (6).

68.7 (c) Reports from qualified investors must certify that the investor remains invested in
68.8 the qualified small business as required by subdivision 5, paragraph (g).

68.9 (d) Reports from qualified funds must certify that the fund remains invested in the
68.10 qualified small business as required by subdivision 5, paragraph (g).

68.11 (e) A qualified small business that ceases all operations and becomes insolvent must file
68.12 a final annual report in the form required by the commissioner documenting its insolvency.
68.13 In following years the business is exempt from the annual reporting requirement, the report
68.14 filing fee, and the fine for failure to file a report.

68.15 (f) A qualified small business, qualified investor, or qualified fund that fails to file an
68.16 annual report by February 1 as required under this subdivision is subject to a ~~\$500~~ \$100
68.17 fine.

68.18 (g) A qualified investor or qualified fund that fails to file an annual report by April 1
68.19 may, at the commissioner's discretion, have any credit allocated and certified to the investor
68.20 or fund revoked and such credit must be repaid by the investor.

68.21 (h) A qualified business that fails to file an annual report by April 1 may, at the
68.22 commissioner's discretion, be subject to the credit repayment provisions in subdivision 7,
68.23 paragraph (b).

68.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
68.25 31, 2018.

68.26 Sec. 7. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

68.27 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,
68.28 ~~2017~~ 2020, except that reporting requirements under subdivision 6 and revocation of credits
68.29 under subdivision 7 remain in effect through ~~2019~~ 2022 for qualified investors and qualified
68.30 funds, and through ~~2021~~ 2024 for qualified small businesses, reporting requirements under
68.31 subdivision 9 remain in effect through ~~2022~~ 2020, and the appropriation in subdivision 11
68.32 remains in effect through ~~2021~~ 2024.

69.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
69.2 31, 2018.

69.3 Sec. 8. Minnesota Statutes 2018, section 270C.13, subdivision 2, is amended to read:

69.4 Subd. 2. **Bill analyses.** At the request of the chair or ranking minority member of the
69.5 house of representatives Tax Committee or the senate Committee on Taxes and Tax Laws,
69.6 the commissioner shall prepare an incidence impact analysis of a bill or a proposal to change
69.7 the tax system which increases, decreases, or redistributes taxes by more than \$20,000,000.
69.8 To the extent data is available on the changes in the distribution of the tax burden that are
69.9 affected by the bill or proposal, the analysis shall report on the incidence effects that would
69.10 result if the bill were enacted. The report may present information using systemwide
69.11 measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics,
69.12 or other relevant categories. The report may include analyses of the effect of the bill or
69.13 proposal on representative taxpayers. The analysis must include a statement of the incidence
69.14 assumptions that were used in computing the burdens. For purposes of this subdivision,
69.15 "ranking minority member" means the ranking minority member from the largest minority
69.16 party in the body.

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

69.18 Sec. 9. Minnesota Statutes 2018, section 289A.10, subdivision 1, is amended to read:

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

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

69.23 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in
69.24 section 2001(b) of the Internal Revenue Code, made within three years of the date of the
69.25 decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~
69.26 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~
69.27 ~~\$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~
69.28 ~~in 2018; and \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates~~
69.29 ~~of decedents dying in 2020~~ and thereafter.

69.30 (b) The return must contain a computation of the Minnesota estate tax due. The return
69.31 must be signed by the personal representative.

70.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
70.2 dying in 2019 and thereafter.

70.3 Sec. 10. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

70.4 Subd. 4a. **Financial institution.** (a) "Financial institution" means:

70.5 (1) any corporation or other business entity registered (i) under state law as a bank
70.6 holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended;
70.7 or (iii) as a savings and loan holding company under the federal National Housing Act, as
70.8 amended;

70.9 (2) a national bank organized and existing as a national bank association pursuant to the
70.10 provisions of United States Code, title 12, chapter 2;

70.11 (3) a savings association or federal savings bank as defined in United States Code, title
70.12 12, section 1813(b)(1);

70.13 (4) any bank or thrift institution incorporated or organized under the laws of any state;

70.14 (5) any corporation organized under United States Code, title 12, sections 611 to 631;

70.15 (6) any agency or branch of a foreign depository as defined under United States Code,
70.16 title 12, section 3101;

70.17 (7) any corporation or other business entity that is more than 50 percent owned, directly
70.18 or indirectly, by any person or business entity described in clauses (1) to (6), other than an
70.19 insurance company taxable under chapter 297I;

70.20 (8) a corporation or other business entity that derives more than 50 percent of its total
70.21 gross income for financial accounting purposes from finance leases. For the purposes of
70.22 this clause, "gross income" means the average from the current tax year and immediately
70.23 preceding two years and excludes gross income from incidental or occasional transactions.
70.24 For purposes of this clause, "finance lease" means any lease transaction that is the functional
70.25 equivalent of an extension of credit and that transfers substantially all the benefits and risks
70.26 incident to the ownership of property, including any direct financing lease or leverage lease
70.27 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting
70.28 for leases, or any other lease that is accounted for as financing by a lessor under generally
70.29 accepted accounting principles; or

70.30 (9) any other person or business entity, other than an insurance company ~~taxable under~~
70.31 ~~chapter 297I~~, that derives more than 50 percent of its gross income from activities that an

71.1 entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this
71.2 clause, gross income does not include income from nonrecurring, extraordinary items.

71.3 (b) The commissioner is authorized to exclude any person from the application of
71.4 paragraph (a), clause (9), if the person proves by clear and convincing evidence that the
71.5 person's income-producing activity is not in substantial competition with any person described
71.6 in paragraph (a), clauses (2) to (6) or (8).

71.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
71.8 after December 31, 2016.

71.9 Sec. 11. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to
71.10 read:

71.11 Subd. 5c. **Disqualified captive insurance company.** (a) "Captive insurance company"
71.12 means a company that:

71.13 (1) is licensed as a captive insurance company under the laws of any state or foreign
71.14 country; or

71.15 (2) derives less than 50 percent of its total premiums for the taxable year from sources
71.16 outside of the unitary business, as that term is used in section 290.17.

71.17 (b) A captive insurance company is a "disqualified captive insurance company" if the
71.18 company:

71.19 (1) pays less than 0.5 percent of its total premiums for the taxable year in tax under
71.20 chapter 297I or a comparable tax of another state; or

71.21 (2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

71.22 (c) For purposes of this subdivision, "premiums" means amounts paid for arrangements
71.23 that constitute insurance for federal income tax purposes, but excludes return premiums,
71.24 premiums for reinsurance assumed from other insurance companies, and any other premiums
71.25 that are or would be exempt from taxation under section 297I.05 as a result of their type or
71.26 character, if the insurance was for business in Minnesota.

71.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
71.28 after December 31, 2016.

72.1 Sec. 12. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

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

72.5 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
72.6 subtraction equals ~~\$4,500~~ \$6,000. The maximum subtraction is reduced by 20 percent of
72.7 provisional income over ~~\$77,000~~ \$74,000. In no case is the subtraction less than zero.

72.8 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~
72.9 \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over
72.10 ~~\$60,200~~ \$58,700. In no case is the subtraction less than zero.

72.11 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~
72.12 \$3,000. The maximum subtraction is reduced by 20 percent of provisional income over
72.13 ~~\$38,500~~ \$37,000. In no case is the subtraction less than zero.

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

72.18 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in
72.19 paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section~~
72.20 ~~1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue~~
72.21 ~~Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner~~
72.22 ~~shall then determine the percentage change from the 12 months ending on August 31, 2016,~~
72.23 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~
72.24 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~
72.25 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~
72.26 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~
72.27 ~~Act contained in chapter 14, including section 14.386 as provided in section 270C.22. The~~
72.28 statutory year is taxable year 2019. The maximum subtraction and threshold amounts as
72.29 adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount
72.30 is rounded up to the nearest \$10 amount.

72.31 **EFFECTIVE DATE.** (a) The amendments to paragraphs (b), (c), and (d) are effective
72.32 for taxable years beginning after December 31, 2018.

73.1 (b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable
73.2 years beginning after December 31, 2017.

73.3 (c) The amendments to paragraph (f) are effective for adjustments beginning with taxable
73.4 years beginning after December 31, 2019.

73.5 Sec. 13. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
73.6 to read:

73.7 Subd. 29. **Disallowed section 280E expenses; medical cannabis manufacturers.** The
73.8 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,
73.9 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,
73.10 and not allowed for federal income tax purposes under section 280E of the Internal Revenue
73.11 Code is a subtraction.

73.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
73.13 31, 2018.

73.14 Sec. 14. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision
73.15 to read:

73.16 Subd. 18. **Disallowed section 280E expenses; medical cannabis manufacturers.** The
73.17 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,
73.18 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,
73.19 and not allowed for federal income tax purposes under section 280E of the Internal Revenue
73.20 Code is a subtraction.

73.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
73.22 31, 2018.

73.23 Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

73.24 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,
73.25 and organizations shall be exempted from taxation under this chapter, provided that every
73.26 such person or corporation claiming exemption under this chapter, in whole or in part, must
73.27 establish to the satisfaction of the commissioner the taxable status of any income or activity:

73.28 (a) corporations, individuals, estates, and trusts engaged in the business of mining or
73.29 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the
73.30 mining, production, or refining of which is subject to the occupation tax imposed by section
73.31 298.01; but if any such corporation, individual, estate, or trust engages in any other business

74.1 or activity or has income from any property not used in such business it shall be subject to
74.2 this tax computed on the net income from such property or such other business or activity.
74.3 Royalty shall not be considered as income from the business of mining or producing iron
74.4 ore within the meaning of this section;

74.5 (b) the United States of America, the state of Minnesota or any political subdivision of
74.6 either agencies or instrumentalities, whether engaged in the discharge of governmental or
74.7 proprietary functions; and

74.8 (c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j),~~
74.9 ~~but including any insurance company licensed and domiciled in another state that grants,~~
74.10 ~~on a reciprocal basis, exemption from retaliatory taxes~~ other than a disqualified captive
74.11 insurance company.

74.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
74.13 after December 31, 2016.

74.14 Sec. 16. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

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

74.17 (b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue
74.18 Code.

74.19 (c) "Preferential rate income" means the lesser of:

74.20 (1) a taxpayer's adjusted net capital gain, as defined in section 1(h)(3) of the Internal
74.21 Revenue Code, but excluding a capital gain resulting from the sale of property classified
74.22 as 2a property under section 273.13, subdivision 23; or

74.23 (2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue
74.24 Code.

74.25 **Subd. 2. Tax imposed; capital gains.** In addition to the taxes imposed under sections
74.26 289A.08, subdivision 7, 290.03, and 290.091, an individual, trust, or estate is liable for a
74.27 tax equal to three percent of preferential rate income in excess of \$500,000.

74.28 **Subd. 3. Nonresidents.** (a) For an individual who is not a resident for the entire taxable
74.29 year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated
74.30 under subdivision 2 for the full year and for all preferential rate income; multiplied by (2)
74.31 the Minnesota percentage determined under paragraph (b).

74.32 (b) "Minnesota percentage" equals:

75.1 (1) the sum of the following amounts for the taxable year:

75.2 (i) net capital gain from the sale of real property located in Minnesota and tangible
75.3 personal property with a situs in Minnesota on the date of the sale; plus

75.4 (ii) adjusted net capital gain, other than gain included under item (i), received during a
75.5 period when the taxpayer was domiciled in Minnesota; divided by

75.6 (2) the total amount of preferential rate income for the taxable year.

75.7 Subd. 4. Credits for taxes paid to another state. For purposes of computing the credit
75.8 for taxes paid to another state under section 290.06, subdivision 22, if the net long-term
75.9 capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from
75.10 taxation under the other state's tax, the tax under this section used to calculate the credit
75.11 must be reduced by three percent of the dollar amount of the exclusion, deduction, or
75.12 exemption amount that applies under the other state's tax.

75.13 **EFFECTIVE DATE.** This section is effective for preferential rate income recognized
75.14 in taxable years beginning after December 31, 2018.

75.15 Sec. 17. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

75.16 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
75.17 imposed by this chapter upon married individuals filing joint returns and surviving spouses
75.18 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
75.19 their taxable net income the following schedule of rates:

75.20 (1) On the first ~~\$35,480~~ \$40,240, 5.35 percent;

75.21 (2) On all over ~~\$35,480~~ \$40,240, but not over ~~\$140,960~~ \$150,900, 7.05 percent;

75.22 (3) On all over ~~\$140,960~~ \$150,900, but not over ~~\$250,000~~ \$273,150, 7.85 percent;

75.23 (4) On all over ~~\$250,000~~ \$273,150, 9.85 percent.

75.24 Married individuals filing separate returns, estates, and trusts must compute their income
75.25 tax by applying the above rates to their taxable income, except that the income brackets
75.26 will be one-half of the above amounts after the adjustment required in subdivision 2d.

75.27 (b) The income taxes imposed by this chapter upon unmarried individuals must be
75.28 computed by applying to taxable net income the following schedule of rates:

75.29 (1) On the first ~~\$24,270~~ \$27,520, 5.35 percent;

75.30 (2) On all over ~~\$24,270~~ \$27,520, but not over ~~\$79,730~~ \$84,990, 7.05 percent;

76.1 (3) On all over ~~\$79,730~~ \$84,990, but not over ~~\$150,000~~ \$163,890, 7.85 percent;

76.2 (4) On all over ~~\$150,000~~ \$163,890, 9.85 percent.

76.3 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
76.4 a head of household as defined in section 2(b) of the Internal Revenue Code must be
76.5 computed by applying to taxable net income the following schedule of rates:

76.6 (1) On the first ~~\$29,880~~ \$33,880, 5.35 percent;

76.7 (2) On all over ~~\$29,880~~ \$33,880, but not over ~~\$120,070~~ \$128,580, 7.05 percent;

76.8 (3) On all over ~~\$120,070~~ \$128,580, but not over ~~\$200,000~~ \$218,520, 7.85 percent;

76.9 (4) On all over ~~\$200,000~~ \$218,520, 9.85 percent.

76.10 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
76.11 of any individual taxpayer whose taxable net income for the taxable year is less than an
76.12 amount determined by the commissioner must be computed in accordance with tables
76.13 prepared and issued by the commissioner of revenue based on income brackets of not more
76.14 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
76.15 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
76.16 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

76.17 (e) An individual who is not a Minnesota resident for the entire year must compute the
76.18 individual's Minnesota income tax as provided in this subdivision. After the application of
76.19 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
76.20 by a fraction in which:

76.21 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
76.22 defined in section 62 of the Internal Revenue Code and increased by the additions required
76.23 under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to 10, and 16, and reduced by the
76.24 Minnesota assignable portion of the subtraction for United States government interest under
76.25 section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions
76.26 9, 10, 14, 15, 17, ~~and 18, and 27~~, after applying the allocation and assignability provisions
76.27 of section 290.081, clause (a), or 290.17; and

76.28 (2) the denominator is the individual's federal adjusted gross income as defined in section
76.29 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,
76.30 subdivisions 2 ~~and~~ 6 to 11, 8 to 10, and 16, and reduced by the amounts specified in section
76.31 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18, and 27~~.

77.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
77.2 31, 2018.

77.3 Sec. 18. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

77.4 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
77.5 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
77.6 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the
77.7 Internal Revenue Code, except that:

77.8 (1) a taxpayer with no qualifying children who has attained the age of 21, but not attained
77.9 age 65 before the close of the taxable year and is otherwise eligible for a credit under section
77.10 32 of the Internal Revenue Code may also receive a credit; and

77.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal
77.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted
77.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

77.14 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the
77.15 first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.01~~ 2.0 percent of earned
77.16 income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phase-out
77.17 threshold, but in no case is the credit less than zero.

77.18 (c) For individuals with one qualifying child, the credit equals ~~9.35~~ 9.5 percent of the
77.19 first ~~\$11,120~~ \$12,350 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned
77.20 income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phase-out
77.21 threshold, but in no case is the credit less than zero.

77.22 (d) For individuals with two ~~or more~~ qualifying children, the credit equals ~~11~~ 12 percent
77.23 of the first ~~\$18,240~~ \$18,450 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent
77.24 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the
77.25 phase-out threshold, but in no case is the credit less than zero.

77.26 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent
77.27 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income
77.28 or adjusted gross income, whichever is greater, in excess of the phase-out threshold, but in
77.29 no case is the credit less than zero.

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

78.1 ~~(f)~~ (g) For a person who was a resident for the entire tax year and has earned income
78.2 not subject to tax under this chapter, including income excluded under section 290.0132,
78.3 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross
78.4 income reduced by the earned income not subject to tax under this chapter over federal
78.5 adjusted gross income. For purposes of this paragraph, the following clauses are not
78.6 considered "earned income not subject to tax under this chapter":

78.7 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

78.8 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

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

78.11 ~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the~~
78.12 ~~\$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation~~
78.13 ~~under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.~~
78.14 ~~For tax years beginning after December 31, 2013, the commissioner shall annually adjust~~
78.15 ~~the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the~~
78.16 ~~Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted~~
78.17 ~~for the word "1992." For 2014, the commissioner shall then determine the percent change~~
78.18 ~~from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,~~
78.19 ~~2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the~~
78.20 ~~12 months ending on August 31 of the year preceding the taxable year. The earned income~~
78.21 ~~thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends~~
78.22 ~~in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner~~
78.23 ~~under this subdivision is not a rule under the Administrative Procedure Act.~~

78.24 (h) For the purposes of this section, the phase-out threshold equals:

78.25 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

78.26 (2) \$8,730 for all other taxpayers with no qualifying children;

78.27 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

78.28 (4) \$22,770 for all other taxpayers with one qualifying child;

78.29 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

78.30 (6) \$27,000 for all other taxpayers with two qualifying children;

78.31 (7) \$32,840 for married taxpayers filing joint returns with three or more qualifying
78.32 children; and

79.1 (8) \$27,000 for all other taxpayers with three or more qualifying children.

79.2 (i) The commissioner shall construct tables showing the amount of the credit at various
79.3 income levels and make them available to taxpayers. The tables shall follow the schedule
79.4 contained in this subdivision, except that the commissioner may graduate the transition
79.5 between income brackets.

79.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
79.7 31, 2018.

79.8 Sec. 19. Minnesota Statutes 2018, section 290.0677, subdivision 1a, is amended to read:

79.9 Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed
79.10 a credit against the tax imposed under this chapter for past military service. The credit equals
79.11 \$750. The credit allowed under this subdivision is reduced by ten percent of adjusted gross
79.12 income in excess of ~~\$30,000~~ \$50,000, but in no case is the credit less than zero.

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

79.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
79.17 31, 2018.

79.18 Sec. 20. Minnesota Statutes 2018, section 290.0682, subdivision 1, is amended to read:

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

79.21 (b) "Adjusted gross income" means federal adjusted gross income as defined in section
79.22 62 of the Internal Revenue Code.

79.23 (c) "Earned income" has the meaning given in ~~section 32(e) of the Internal Revenue~~
79.24 ~~Code~~ section 290.0675, subdivision 1, paragraph (b).

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

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

79.30 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary
79.31 institution eligible for state student aid under section 136A.103 or, if the institution is not

80.1 located in this state, a public or nonprofit postsecondary institution participating in the
80.2 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law
80.3 89-329, as amended.

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

80.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
80.7 31, 2018.

80.8 Sec. 21. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

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

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

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

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

80.15 (3) the sum of:

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

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

80.19 (4) \$500.

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

80.22 (d) In the case of a married couple, each spouse is eligible for the credit in this section.
80.23 For the purposes of paragraph (b), for married couples filing joint returns, each spouse's
80.24 adjusted gross income equals the spouse's percentage share of the couple's earned income,
80.25 multiplied by the couple's adjusted gross income.

80.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
80.27 31, 2018.

80.28 Sec. 22. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

80.29 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a
80.30 credit against the tax imposed by this chapter. The credit is not allowed to an individual

81.1 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the
81.2 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

81.3 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable
81.4 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no
81.5 case is the credit less than zero.

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

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

81.9 (1) for married couples with adjusted gross income in excess of \$75,000, but not more
81.10 than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross
81.11 income in excess of \$75,000 until the maximum credit amount equals \$250; and

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

81.14 ~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the
81.15 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of
81.16 \$135,000.

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

81.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
81.29 31, 2019.

81.30 Sec. 23. Minnesota Statutes 2018, section 290.0685, subdivision 1, is amended to read:

81.31 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the
81.32 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~

82.1 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this
82.2 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~
82.3 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~
82.4 ~~Revenue Code.~~

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

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

82.9 Sec. 24. Minnesota Statutes 2018, section 290.0685, is amended by adding a subdivision
82.10 to read:

82.11 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the
82.12 meanings given, unless the context clearly indicates otherwise.

82.13 (b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued
82.14 by the commissioner of health under section 144.2151 or for a birth occurring in another
82.15 state or country a similar certificate issued under that state's or country's law.

82.16 (c) "Eligible individual" means an individual who is:

82.17 (1)(i) a resident; or

82.18 (ii) the nonresident spouse of a resident who is a member of armed forces of the United
82.19 States or the United Nations; and

82.20 (2)(i) the individual listed first as a parent on the certificate of birth; or

82.21 (ii) the individual who gave birth resulting in stillbirth for a birth outside of this state
82.22 for which no certificate of birth was issued.

82.23 (d) "Stillbirth" means a birth for which a fetal death report would be required under
82.24 section 144.222, subdivision 1, if the birth occurred in this state.

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

82.27 Sec. 25. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

82.28 **Subd. 3. Alternative minimum taxable income.** "Alternative minimum taxable income"
82.29 is Minnesota net income as defined in section 290.01, subdivision 19, and includes the
82.30 adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of

83.1 the Internal Revenue Code. If a corporation files a separate company Minnesota tax return,
83.2 the minimum tax must be computed on a separate company basis. If a corporation is part
83.3 of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis.
83.4 The following adjustments must be made.

83.5 (1) The portion of the depreciation deduction allowed for federal income tax purposes
83.6 under section 168(k) of the Internal Revenue Code that is required as an addition under
83.7 section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable
83.8 income.

83.9 (2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is
83.10 allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

83.15 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code
83.16 does not apply.

83.17 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal
83.18 Revenue Code does not apply.

83.19 (7) The tax preference for charitable contributions of appreciated property under section
83.20 57(a)(6) of the Internal Revenue Code does not apply.

83.21 (8) For purposes of calculating the adjustment for adjusted current earnings in section
83.22 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it
83.23 is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable
83.24 income as defined in this subdivision, determined without regard to the adjustment for
83.25 adjusted current earnings in section 56(g) of the Internal Revenue Code.

83.26 (9) For purposes of determining the amount of adjusted current earnings under section
83.27 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4)
83.28 of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up
83.29 subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of
83.30 income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision
83.31 8.

83.32 (10) Alternative minimum taxable income excludes the income from operating in a job
83.33 opportunity building zone as provided under section 469.317.

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

84.3 (11) The subtraction for disallowed section 280E expenses under section 290.0134,
84.4 subdivision 18, is allowed as a deduction in determining alternative minimum taxable
84.5 income.

84.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
84.7 31, 2018.

84.8 Sec. 26. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

84.9 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within
84.10 this state or partly within and partly without this state is part of a unitary business, the entire
84.11 income of the unitary business is subject to apportionment pursuant to section 290.191.
84.12 Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is
84.13 considered to be derived from any particular source and none may be allocated to a particular
84.14 place except as provided by the applicable apportionment formula. The provisions of this
84.15 subdivision do not apply to business income subject to subdivision 5, income of an insurance
84.16 company, or income of an investment company determined under section 290.36.

84.17 (b) The term "unitary business" means business activities or operations which result in
84.18 a flow of value between them. The term may be applied within a single legal entity or
84.19 between multiple entities and without regard to whether each entity is a sole proprietorship,
84.20 a corporation, a partnership or a trust.

84.21 (c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced
84.22 by centralized management or executive force, centralized purchasing, advertising,
84.23 accounting, or other controlled interaction, but the absence of these centralized activities
84.24 will not necessarily evidence a nonunitary business. Unity is also presumed when business
84.25 activities or operations are of mutual benefit, dependent upon or contributory to one another,
84.26 either individually or as a group.

84.27 (d) Where a business operation conducted in Minnesota is owned by a business entity
84.28 that carries on business activity outside the state different in kind from that conducted within
84.29 this state, and the other business is conducted entirely outside the state, it is presumed that
84.30 the two business operations are unitary in nature, interrelated, connected, and interdependent
84.31 unless it can be shown to the contrary.

84.32 (e) Unity of ownership does not exist when two or more corporations are involved unless
84.33 more than 50 percent of the voting stock of each corporation is directly or indirectly owned

85.1 by a common owner or by common owners, either corporate or noncorporate, or by one or
85.2 more of the member corporations of the group. For this purpose, the term "voting stock"
85.3 shall include membership interests of mutual insurance holding companies formed under
85.4 section 66A.40.

85.5 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign
85.6 corporations and other foreign entities, but excluding a disqualified captive insurance
85.7 company, which are part of a unitary business shall not be included in the net income or
85.8 the apportionment factors of the unitary business; except that the income and apportionment
85.9 factors of a foreign entity, other than an entity treated as a C corporation for federal income
85.10 tax purposes, that are included in the federal taxable income, as defined in section 63 of the
85.11 Internal Revenue Code as amended through the date named in section 290.01, subdivision
85.12 19, of a domestic corporation, domestic entity, or individual must be included in determining
85.13 net income and the factors to be used in the apportionment of net income pursuant to section
85.14 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on
85.15 a combined report and which is required to file a return under this chapter shall file on a
85.16 separate return basis.

85.17 (g) For purposes of determining the net income of a unitary business and the factors to
85.18 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there
85.19 must be included only the income and apportionment factors of domestic corporations or
85.20 other domestic entities that are determined to be part of the unitary business pursuant to this
85.21 subdivision, notwithstanding that foreign corporations or other foreign entities might be
85.22 included in the unitary business; except that the income and apportionment factors of a
85.23 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,
85.24 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue
85.25 Code as amended through the date named in section 290.01, subdivision 19, of a domestic
85.26 corporation, domestic entity, or individual must be included in determining net income and
85.27 the factors to be used in the apportionment of net income pursuant to section 290.191 or
85.28 290.20.

85.29 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary
85.30 business must file combined reports as the commissioner determines. On the reports, all
85.31 intercompany transactions between entities included pursuant to paragraph (g) must be
85.32 eliminated and the entire net income of the unitary business determined in accordance with
85.33 this subdivision is apportioned among the entities by using each entity's Minnesota factors
85.34 for apportionment purposes in the numerators of the apportionment formula and the total
85.35 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the

86.1 denominators of the apportionment formula. Except as otherwise provided by paragraph
86.2 (f), all sales of the unitary business made within this state pursuant to section 290.191 or
86.3 290.20 must be included on the combined report of a corporation or other entity that is a
86.4 member of the unitary business and is subject to the jurisdiction of this state to impose tax
86.5 under this chapter.

86.6 (i) If a corporation has been divested from a unitary business and is included in a
86.7 combined report for a fractional part of the common accounting period of the combined
86.8 report:

86.9 (1) its income includable in the combined report is its income incurred for that part of
86.10 the year determined by proration or separate accounting; and

86.11 (2) its sales, property, and payroll included in the apportionment formula must be prorated
86.12 or accounted for separately.

86.13 (j) For purposes of this subdivision, "insurance company" means an insurance company,
86.14 as defined in section 290.01, subdivision 5b, that is:

86.15 ~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter~~
86.16 ~~60A; or~~

86.17 ~~(2) domiciled and licensed to engage in the business of insurance in another state or~~
86.18 ~~country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that~~
86.19 ~~does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance~~
86.20 ~~companies or their agents domiciled in Minnesota.~~

86.21 ~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance~~
86.22 ~~companies organized in another state or country that result from the fact that an insurance~~
86.23 ~~company organized in the taxing jurisdiction and doing business in the other jurisdiction is~~
86.24 ~~subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that~~
86.25 ~~imposed by the taxing jurisdiction upon an insurance company organized in the other state~~
86.26 ~~or country and doing business to the same extent in the taxing jurisdiction not a disqualified~~
86.27 ~~captive insurance company.~~

86.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
86.29 after December 31, 2016.

86.30 Sec. 27. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

86.31 Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules
86.32 apply in determining the sales factor.

87.1 (a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary
87.2 course of the business, except that the following types of income are not included in the
87.3 sales factor:

87.4 (1) interest;

87.5 (2) dividends;

87.6 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

87.7 (4) sales of property used in the trade or business, except sales of leased property of a
87.8 type which is regularly sold as well as leased; and

87.9 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
87.10 Code or sales of stock.

87.11 (b) Sales of tangible personal property are made within this state if the property is
87.12 received by a purchaser at a point within this state, regardless of the f.o.b. point, other
87.13 conditions of the sale, or the ultimate destination of the property.

87.14 (c) Tangible personal property delivered to a common or contract carrier or foreign
87.15 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
87.16 regardless of f.o.b. point or other conditions of the sale.

87.17 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented
87.18 malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by
87.19 a state or political subdivision to resell this property only within the state of ultimate
87.20 destination, the sale is made in that state.

87.21 (e) Sales made by or through a corporation that is qualified as a domestic international
87.22 sales corporation under section 992 of the Internal Revenue Code are not considered to have
87.23 been made within this state.

87.24 (f) Sales, rents, royalties, and other income in connection with real property is attributed
87.25 to the state in which the property is located.

87.26 (g) Receipts from the lease or rental of tangible personal property, including finance
87.27 leases and true leases, must be attributed to this state if the property is located in this state
87.28 and to other states if the property is not located in this state. Receipts from the lease or rental
87.29 of moving property including, but not limited to, motor vehicles, rolling stock, aircraft,
87.30 vessels, or mobile equipment are included in the numerator of the receipts factor to the
87.31 extent that the property is used in this state. The extent of the use of moving property is
87.32 determined as follows:

88.1 (1) A motor vehicle is used wholly in the state in which it is registered.

88.2 (2) The extent that rolling stock is used in this state is determined by multiplying the
88.3 receipts from the lease or rental of the rolling stock by a fraction, the numerator of which
88.4 is the miles traveled within this state by the leased or rented rolling stock and the denominator
88.5 of which is the total miles traveled by the leased or rented rolling stock.

88.6 (3) The extent that an aircraft is used in this state is determined by multiplying the
88.7 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the
88.8 number of landings of the aircraft in this state and the denominator of which is the total
88.9 number of landings of the aircraft.

88.10 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the
88.11 state is determined by multiplying the receipts from the lease or rental of the property by a
88.12 fraction, the numerator of which is the number of days during the taxable year the property
88.13 was in this state and the denominator of which is the total days in the taxable year.

88.14 (h) Royalties and other income received for the use of or for the privilege of using
88.15 intangible property, including patents, know-how, formulas, designs, processes, patterns,
88.16 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
88.17 similar items, must be attributed to the state in which the property is used by the purchaser.
88.18 If the property is used in more than one state, the royalties or other income must be
88.19 apportioned to this state pro rata according to the portion of use in this state. If the portion
88.20 of use in this state cannot be determined, the royalties or other income must be excluded
88.21 from both the numerator and the denominator. Intangible property is used in this state if the
88.22 purchaser uses the intangible property or the rights therein in the regular course of its business
88.23 operations in this state, regardless of the location of the purchaser's customers.

88.24 (i) Sales of intangible property are made within the state in which the property is used
88.25 by the purchaser. If the property is used in more than one state, the sales must be apportioned
88.26 to this state pro rata according to the portion of use in this state. If the portion of use in this
88.27 state cannot be determined, the sale must be excluded from both the numerator and the
88.28 denominator of the sales factor. Intangible property is used in this state if the purchaser used
88.29 the intangible property in the regular course of its business operations in this state.

88.30 (j) Receipts from the performance of services must be attributed to the state where the
88.31 services are received. For the purposes of this section, receipts from the performance of
88.32 services provided to a corporation, partnership, or trust may only be attributed to a state
88.33 where it has a fixed place of doing business. If the state where the services are received is
88.34 not readily determinable or is a state where the corporation, partnership, or trust receiving

89.1 the service does not have a fixed place of doing business, the services shall be deemed to
89.2 be received at the location of the office of the customer from which the services were ordered
89.3 in the regular course of the customer's trade or business. If the ordering office cannot be
89.4 determined, the services shall be deemed to be received at the office of the customer to
89.5 which the services are billed.

89.6 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from
89.7 management, distribution, or administrative services performed by a person or corporation
89.8 ~~or trust~~ for a fund of a person or corporation or trust regulated under United States Code,
89.9 title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the
89.10 state where the shareholder of the fund resides. Under this paragraph, receipts for services
89.11 attributed to shareholders are determined on the basis of the ratio of: (1) the average of the
89.12 outstanding shares in the fund owned by shareholders residing within Minnesota at the
89.13 beginning and end of each year; and (2) the average of the total number of outstanding
89.14 shares in the fund at the beginning and end of each year. Residence of the shareholder, in
89.15 the case of an individual, is determined by the mailing address furnished by the shareholder
89.16 to the fund. Residence of the shareholder, when the shares are held by an insurance company
89.17 as a depositor for the insurance company policyholders, is the mailing address of the
89.18 policyholders. In the case of an insurance company holding the shares as a depositor for
89.19 the insurance company policyholders, if the mailing address of the policyholders cannot be
89.20 determined by the taxpayer, the receipts must be excluded from both the numerator and
89.21 denominator. Residence of other shareholders is the mailing address of the shareholder.

89.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
89.23 31, 2018.

89.24 Sec. 28. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

89.25 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of
89.26 dividends received by a corporation during the taxable year from another corporation, in
89.27 which the recipient owns 20 percent or more of the stock, by vote and value, not including
89.28 stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate
89.29 stock with respect to which dividends are paid does not constitute the stock in trade of the
89.30 taxpayer or would not be included in the inventory of the taxpayer, or does not constitute
89.31 property held by the taxpayer primarily for sale to customers in the ordinary course of the
89.32 taxpayer's trade or business, or when the trade or business of the taxpayer does not consist
89.33 principally of the holding of the stocks and the collection of the income and gains therefrom;
89.34 and

90.1 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
90.2 an affiliated company transferred in an overall plan of reorganization and the dividend is
90.3 eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended
90.4 through December 31, 1989;

90.5 (ii) the remaining 20 percent of dividends if the dividends are received from a corporation
90.6 which is subject to tax under section 290.36 and which is a member of an affiliated group
90.7 of corporations as defined by the Internal Revenue Code and the dividend is eliminated in
90.8 consolidation under Treasury Department Regulation 1.1502-14(a), as amended through
90.9 December 31, 1989, or is deducted under an election under section 243(b) of the Internal
90.10 Revenue Code; or

90.11 (iii) the remaining 20 percent of the dividends if the dividends are received from a
90.12 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
90.13 member of an affiliated group of corporations as defined by the Internal Revenue Code and
90.14 either: (A) the dividend is eliminated in consolidation under Treasury Regulation
90.15 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
90.16 under an election under section 243(b) of the Internal Revenue Code.

90.17 (b) Seventy percent of dividends received by a corporation during the taxable year from
90.18 another corporation in which the recipient owns less than 20 percent of the stock, by vote
90.19 or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code
90.20 when the corporate stock with respect to which dividends are paid does not constitute the
90.21 stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily
90.22 for sale to customers in the ordinary course of the taxpayer's trade or business, or when the
90.23 trade or business of the taxpayer does not consist principally of the holding of the stocks
90.24 and the collection of income and gain therefrom.

90.25 (c) The dividend deduction provided in this subdivision shall be allowed only with
90.26 respect to dividends that are included in a corporation's Minnesota taxable net income for
90.27 the taxable year.

90.28 The dividend deduction provided in this subdivision does not apply to a dividend from
90.29 a corporation which, for the taxable year of the corporation in which the distribution is made
90.30 or for the next preceding taxable year of the corporation, is a corporation exempt from tax
90.31 under section 501 of the Internal Revenue Code.

90.32 The dividend deduction provided in this subdivision does not apply to a dividend received
90.33 from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

91.1 The dividend deduction provided in this subdivision applies to the amount of regulated
91.2 investment company dividends only to the extent determined under section 854(b) of the
91.3 Internal Revenue Code.

91.4 The dividend deduction provided in this subdivision shall not be allowed with respect
91.5 to any dividend for which a deduction is not allowed under the provisions of section 246(c)
91.6 or 246A of the Internal Revenue Code.

91.7 (d) If dividends received by a corporation that does not have nexus with Minnesota under
91.8 the provisions of Public Law 86-272 are included as income on the return of an affiliated
91.9 corporation permitted or required to file a combined report under section 290.17, subdivision
91.10 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to
91.11 whether the trade or business of the corporation consists principally of the holding of stocks
91.12 and the collection of income and gains therefrom shall be made with reference to the trade
91.13 or business of the affiliated corporation having a nexus with Minnesota.

91.14 (e) The deduction provided by this subdivision does not apply if the dividends are paid
91.15 by a FSC as defined in section 922 of the Internal Revenue Code.

91.16 (f) If one or more of the members of the unitary group whose income is included on the
91.17 combined report received a dividend, the deduction under this subdivision for each member
91.18 of the unitary business required to file a return under this chapter is the product of: (1) 100
91.19 percent of the dividends received by members of the group; (2) the percentage allowed
91.20 pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income
91.21 apportionable to this state for the taxable year under section 290.191 or 290.20.

91.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
91.23 31, 2018.

91.24 Sec. 29. Minnesota Statutes 2018, section 291.016, subdivision 3, is amended to read:

91.25 Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A
91.26 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

91.27 (1) the exclusion amount for the year of death under paragraph (b); and

91.28 (2) the lesser of:

91.29 (i) the value of qualified small business property under section 291.03, subdivision 9,
91.30 and the value of qualified farm property under section 291.03, subdivision 10; or

91.31 (ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

91.32 (b) The following exclusion amounts apply for the year of death:

- 92.1 ~~(1) \$2,100,000 for decedents dying in 2017;~~
 92.2 ~~(2) (1) \$2,400,000 for estates of decedents dying in 2018; and~~
 92.3 ~~(3) \$2,700,000 for decedents dying in 2019; and~~
 92.4 ~~(4) \$3,000,000 for decedents dying in 2020~~ (2) \$2,700,000 for estates of decedents dying
 92.5 in 2019 and thereafter.

92.6 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate
 92.7 to less than zero.

92.8 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 92.9 dying in 2019 and thereafter.

92.10 **Sec. 30. APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT**
 92.11 **FOR TAXABLE YEAR 2019.**

92.12 Applications for (1) certification as a qualified small business, qualified investor, or
 92.13 qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and
 92.14 (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year
 92.15 2019 must be made available on the Department of Employment and Economic
 92.16 Development's website by September 1, 2019. The provisions of Minnesota Statutes, section
 92.17 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to
 92.18 7.

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

92.20 **Sec. 31. STATE HISTORIC STRUCTURE REHABILITATION TAX CREDIT;**
 92.21 **SPECIAL PROVISION FOR MINNESOTA MUSEUM OF AMERICAN ART.**

92.22 Notwithstanding Minnesota Statutes, section 290.0681, or any law or rule to the contrary,
 92.23 the rehabilitation of the Minnesota Museum of American Art Center for Creativity facilities,
 92.24 as described in Laws 2017, First Special Session chapter 8, article 1, section 20, subdivision
 92.25 21, qualifies for the credit under Minnesota Statutes, section 290.0681, if the project is
 92.26 consistent with the historic character of the certified structure as determined under section
 92.27 47 of the Internal Revenue Code. The State Historic Preservation Office of the Department
 92.28 of Administration must issue the credit certificate for the project to the Minnesota Museum
 92.29 of American Art or its assignee.

93.1 Sec. 32. **TAX EXPENDITURE STATEMENT OF INTENT.**

93.2 (a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose
 93.3 and goals for the tax expenditures in this article and article 1 are listed in this section.

93.4 (b) The purpose and goal of the tax expenditures in article 1, section 51, and article 2,
 93.5 sections 13, 14, and 25, is to provide equitable state tax treatment between medical cannabis
 93.6 manufacturers that are not allowed to deduct their business expenses under the Internal
 93.7 Revenue Code and manufacturers of other goods who may deduct these expenses.

93.8 (c) The purpose of the tax expenditure under article 2, sections 1 to 7 and 30, is to
 93.9 encourage investment in innovative small businesses in Minnesota. The goal is to increase
 93.10 the number of these businesses in the state, the number of people employed by these
 93.11 businesses in the state, the productivity of these businesses, or the sales of these businesses.

93.12 **ARTICLE 3**93.13 **SALES AND USE TAXES**

93.14 Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision
 93.15 to read:

93.16 Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must
 93.17 annually determine the amount of sales tax savings attributable to section 297A.70,
 93.18 subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the
 93.19 amount equal to the sales tax savings to maintain, improve, or expand society owned
 93.20 buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the
 93.21 owner of the fairgrounds. An owner that receives a transfer of money under this subdivision
 93.22 must use the transferred amount to maintain, improve, and expand entity owned buildings
 93.23 and facilities on the county fairgrounds.

93.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

93.25 Sec. 2. Minnesota Statutes 2018, section 289A.11, is amended by adding a subdivision to
 93.26 read:

93.27 Subd. 4. **Marketplace provider information report.** (a) A marketplace provider required
 93.28 to collect and remit sales and use taxes under section 297A.66 shall file an information
 93.29 report for each calendar quarter containing the information regarding the sales it facilitates
 93.30 for each retailer as required by this section. The report is due on the 30th day following the
 93.31 last day of the most recently completed calendar quarter. The commissioner shall prescribe

94.1 the content, format, and manner of the information report pursuant to section 270C.03. The
 94.2 report must include each retailer's:

94.3 (1) name, address, and federal employer identification number (FEIN);

94.4 (2) total gross receipts for the period;

94.5 (3) total taxable sales for the period;

94.6 (4) total state sales tax collected and remitted for the period; and

94.7 (5) itemized total of each local sales tax collected and remitted for the period.

94.8 (b) No payment of tax is required to be remitted with the quarterly information report.

94.9 A marketplace provider that fails to file this information report is subject to the penalty

94.10 imposed under section 289A.60, subdivision 29.

94.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June

94.12 30, 2019.

94.13 Sec. 3. Minnesota Statutes 2018, section 289A.60, subdivision 29, is amended to read:

94.14 Subd. 29. **Penalty for failure to file report ~~liquor sales~~.** In the case of a failure to file
 94.15 an informational report required by section 289A.11, subdivision 4, or 297A.8155, with the
 94.16 commissioner on or before the ~~date~~ dates prescribed, the person failing to file the report
 94.17 shall pay a penalty of \$500 for each failure. If a failure to file a report is intentional, the
 94.18 penalty shall be \$1,000 for each failure.

94.19 **EFFECTIVE DATE.** This section is effective for reports first due for sales and purchases

94.20 made after June 30, 2019.

94.21 Sec. 4. Minnesota Statutes 2018, section 297A.66, subdivision 1, is amended to read:

94.22 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution
 94.23 and the laws of the United States, the terms "retailer maintaining a place of business in this
 94.24 state," and "marketplace provider maintaining a place of business in this state," or a similar
 94.25 ~~term, means~~ terms mean a retailer or marketplace provider:

94.26 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an
 94.27 office, place of distribution, sales, storage, or sample room or place, warehouse, or other
 94.28 place of business, including the employment of a resident of this state who works from a
 94.29 home office in this state; or

95.1 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,
95.2 canvasser, ~~marketplace provider~~, solicitor, or other third party operating in this state under
95.3 the authority of the retailer or marketplace provider, or its subsidiary, for any purpose,
95.4 including the repairing, selling, delivering, installing, facilitating sales, processing sales, or
95.5 soliciting of orders for the retailer's or a retailer's goods or services, or the leasing of tangible
95.6 personal property located in this state, whether the place of business or agent, representative,
95.7 affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily,
95.8 or whether or not the retailer or marketplace provider, subsidiary, or affiliate is authorized
95.9 to do business in this state. ~~A retailer is represented by a marketplace provider in this state~~
95.10 ~~if the retailer makes sales in this state facilitated by a marketplace provider that maintains~~
95.11 ~~a place of business in this state.~~

95.12 ~~(b) "Destination of a sale" means the location to which the retailer makes delivery of~~
95.13 ~~the property sold, or causes the property to be delivered, to the purchaser of the property,~~
95.14 ~~or to the agent or designee of the purchaser. The delivery may be made by any means,~~
95.15 ~~including the United States Postal Service or a for-hire carrier.~~

95.16 ~~(c)~~ (b) To the extent allowed by the United States Constitution and the laws of the United
95.17 States, the terms "retailer not maintaining a place of business in this state," and "marketplace
95.18 provider not maintaining a place of business in this state," or similar terms mean a retailer
95.19 or marketplace provider making or facilitating retail sales from outside this state to a
95.20 destination within this state and not maintaining a place of business in this state as provided
95.21 in paragraph (a) that engages in the regular or systematic soliciting of sales from potential
95.22 customers in this state by:

95.23 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other
95.24 written solicitations of business to customers in this state;

95.25 (2) advertisements on billboards or other outdoor advertising in this state;

95.26 (3) advertisements in newspapers published in this state;

95.27 (4) advertisements in trade journals or other periodicals the circulation of which is
95.28 primarily within this state;

95.29 (5) advertisements in a Minnesota edition of a national or regional publication or a
95.30 limited regional edition in which this state is included as part of a broader regional or national
95.31 publication that are not placed in other geographically defined editions of the same issue
95.32 of the same publication;

96.1 (6) advertisements in regional or national publications in an edition that is not by its
96.2 contents geographically targeted to Minnesota but is sold over the counter in Minnesota or
96.3 by subscription to Minnesota residents;

96.4 (7) advertisements broadcast on a radio or television station located in Minnesota; or

96.5 (8) any other solicitation by telephone, computer database, cable, optic, microwave, or
96.6 any other communication system, including but not limited to a website accessible from
96.7 within Minnesota.

96.8 The location of independent vendors that provide products or services to a retailer or
96.9 marketplace provider in connection with a retailer or marketplace provider's solicitation of
96.10 customers within this state, including such products and services as creation of copy, printing,
96.11 distribution, and recording is not considered in determining whether the retailer or
96.12 marketplace provider is required to collect tax. Paragraph (b) must be construed without
96.13 regard to the state from which distribution of the materials originated or in which they were
96.14 prepared.

96.15 (c) "Regular or systematic soliciting of sales from potential customers in this state"
96.16 means the retailer not maintaining a place of business in this state or marketplace provider
96.17 not maintaining a place of business in this state is engaged in any of the solicitations listed
96.18 in paragraph (b), and:

96.19 (1) makes or facilitates 200 or more retail sales from outside this state to destinations in
96.20 this state during the prior 12-month period; or

96.21 (2) makes or facilitates retail sales totaling more than \$100,000 from outside this state
96.22 to destinations in this state during the prior 12-month period.

96.23 (d) "Marketplace provider" means any person who facilitates a retail sale by a retailer
96.24 by:

96.25 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,
96.26 services, or digital goods that are subject to tax under this chapter; and

96.27 (2) either directly or indirectly through agreements or arrangements with third parties
96.28 collecting payment from the customer and transmitting that payment to the retailer regardless
96.29 of whether the marketplace provider receives compensation or other consideration in
96.30 exchange for its services.

96.31 ~~(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible~~
96.32 ~~goods, services, and digital goods subject to sales and use tax under this chapter.~~

97.1 (e) "Destination of a sale" means the location to which the retailer makes delivery of
97.2 the property sold, or causes the property to be delivered, to the purchaser of the property,
97.3 or to the agent or designee of the purchaser. The delivery may be made by any means,
97.4 including the United States Postal Service or a for-hire carrier.

97.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
97.6 September 30, 2019.

97.7 Sec. 5. Minnesota Statutes 2018, section 297A.66, subdivision 2, is amended to read:

97.8 Subd. 2. ~~Retailer maintaining place of business in this state~~ Collection and remittance
97.9 requirements for retailers and marketplace providers. (a) Except as provided in paragraph
97.10 ~~(b)~~ (d), a retailer maintaining a place of business in this state and a retailer not maintaining
97.11 a place of business in this state who makes retail sales in Minnesota or to a destination in
97.12 Minnesota shall collect sales and use taxes and remit them to the commissioner under section
97.13 297A.77 for all retail sales other than those facilitated by a marketplace provider maintaining
97.14 a place of business in this state or a marketplace provider not maintaining a place of business
97.15 in this state that is required to collect and remit sales and use taxes under paragraph (b).

97.16 ~~(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000~~
97.17 ~~in the 12-month period ending on the last day of the most recently completed calendar~~
97.18 ~~quarter is not required to collect and remit sales tax if it is determined to be a retailer~~
97.19 ~~maintaining a place of business in the state solely because it made sales through one or more~~
97.20 ~~marketplace providers. The provisions of this paragraph do not apply to a retailer that is or~~
97.21 ~~was registered to collect sales and use tax in this state. Except as provided in paragraph (d),~~
97.22 a marketplace provider maintaining a place of business in this state and a marketplace
97.23 provider not maintaining a place of business in this state who facilitates retail sales in
97.24 Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them
97.25 to the commissioner under section 297A.77 unless:

97.26 (1) the retailer provides a copy of the retailer's registration to collect sales and use taxes
97.27 in this state to the marketplace provider; and

97.28 (2) the marketplace provider and retailer agree that the retailer will collect and remit the
97.29 sales and use taxes on marketplace sales facilitated by the marketplace provider.

97.30 (c) Nothing in paragraph (b) shall be construed to interfere with the ability of a
97.31 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the
97.32 requirements of this chapter.

98.1 (d) A retailer not maintaining a place of business in this state and a marketplace provider
98.2 not maintaining a place of business in this state shall:

98.3 (1) begin collecting and remitting sales and use taxes to the commissioner on the first
98.4 day of a calendar month occurring no later than 60 days after the retailer or marketplace
98.5 provider engages in regular or systematic soliciting of sales from potential customers in this
98.6 state; and

98.7 (2) continue to collect and remit sales and use taxes to the commissioner until at least
98.8 the last day of the 12th calendar month following the calendar month in which the retailer
98.9 or marketplace provider began collecting and remitting sales and use taxes under clause
98.10 (1).

98.11 (e) A retailer not maintaining a place of business in this state and a marketplace provider
98.12 not maintaining a place of business in this state may cease collecting and remitting sales
98.13 and use taxes to the commissioner after the period in paragraph (d), clause (2), if the retailer
98.14 or marketplace provider no longer engages in regular or systematic soliciting of sales from
98.15 potential customers in this state.

98.16 (f) A retailer or marketplace provider may cease collecting and remitting sales and use
98.17 taxes under paragraph (e) only after notifying the commissioner that the retailer or
98.18 marketplace provider is no longer engaged in the regular or systematic soliciting of sales
98.19 from potential customers in this state. The commissioner shall prescribe the content, format,
98.20 and manner of the notification pursuant to section 270C.30. If a retailer or marketplace
98.21 provider subsequently engages in regular or systematic soliciting of sales from potential
98.22 customers in this state, the retailer shall again comply with the requirements of paragraph
98.23 (d).

98.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
98.25 September 30, 2019.

98.26 Sec. 6. Minnesota Statutes 2018, section 297A.66, subdivision 3, is amended to read:

98.27 Subd. 3. ~~**Retailer not maintaining place of business in this state**~~ **Marketplace provider**
98.28 **liability.** ~~(a) To the extent allowed by the United States Constitution and in accordance with~~
98.29 ~~the terms and conditions of federal remote seller law, a retailer making retail sales from~~
98.30 ~~outside this state to a destination within this state and not maintaining a place of business~~
98.31 ~~in this state shall collect sales and use taxes and remit them to the commissioner under~~
98.32 ~~section 297A.77.~~

99.1 ~~(b) To the extent allowed by the United States Constitution and the laws of the United~~
99.2 ~~States, a retailer making retail sales from outside this state to a destination within this state~~
99.3 ~~and not maintaining a place of business in this state shall collect sales and use taxes and~~
99.4 ~~remit them to the commissioner under section 297A.77, if the retailer engages in the regular~~
99.5 ~~or systematic soliciting of sales from potential customers in this state by:~~

99.6 ~~(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other~~
99.7 ~~written solicitations of business to customers in this state;~~

99.8 ~~(2) display of advertisements on billboards or other outdoor advertising in this state;~~

99.9 ~~(3) advertisements in newspapers published in this state;~~

99.10 ~~(4) advertisements in trade journals or other periodicals the circulation of which is~~
99.11 ~~primarily within this state;~~

99.12 ~~(5) advertisements in a Minnesota edition of a national or regional publication or a~~
99.13 ~~limited regional edition in which this state is included as part of a broader regional or national~~
99.14 ~~publication which are not placed in other geographically defined editions of the same issue~~
99.15 ~~of the same publication;~~

99.16 ~~(6) advertisements in regional or national publications in an edition which is not by its~~
99.17 ~~contents geographically targeted to Minnesota but which is sold over the counter in Minnesota~~
99.18 ~~or by subscription to Minnesota residents;~~

99.19 ~~(7) advertisements broadcast on a radio or television station located in Minnesota; or~~

99.20 ~~(8) any other solicitation by telegraphy, telephone, computer database, cable, optic,~~
99.21 ~~microwave, or other communication system.~~

99.22 ~~This paragraph must be construed without regard to the state from which distribution~~
99.23 ~~of the materials originated or in which they were prepared.~~

99.24 ~~(c) The location within or without this state of independent vendors that provide products~~
99.25 ~~or services to the retailer in connection with its solicitation of customers within this state,~~
99.26 ~~including such products and services as creation of copy, printing, distribution, and recording,~~
99.27 ~~is not considered in determining whether the retailer is required to collect tax.~~

99.28 ~~(d) A retailer not maintaining a place of business in this state is presumed, subject to~~
99.29 ~~rebuttal, to be engaged in regular solicitation within this state if it engages in any of the~~
99.30 ~~activities in paragraph (b) and:~~

99.31 ~~(1) makes 100 or more retail sales from outside this state to destinations in this state~~
99.32 ~~during a period of 12 consecutive months; or~~

100.1 ~~(2) makes ten or more retail sales totaling more than \$100,000 from outside this state~~
100.2 ~~to destinations in this state during a period of 12 consecutive months.~~

100.3 (a) A marketplace provider is subject to audit on the retail sales it facilitates if it is
100.4 required to collect sales and use taxes and remit them to the commissioner under subdivision
100.5 2, paragraphs (b) and (c).

100.6 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and
100.7 use taxes to the commissioner if the marketplace provider demonstrates that the error was
100.8 due to incorrect or insufficient information given to the marketplace provider by the retailer.
100.9 This paragraph does not apply if the marketplace provider and the marketplace retailer are
100.10 related as defined in subdivision 4, paragraph (b).

100.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
100.12 September 30, 2019.

100.13 Sec. 7. Minnesota Statutes 2018, section 297A.67, subdivision 28, is amended to read:

100.14 Subd. 28. **Ambulance accessories, supplies, parts, and equipment.** The following
100.15 sales to or use by an ambulance service licensed under section 144E.10 or a medical response
100.16 unit or specialized medical response unit registered under section 144E.275 are exempt:

100.17 (1) supplies and equipment used to provide medical care; and

100.18 (2) repair and replacement parts for ambulances and vehicles equipped and specifically
100.19 intended for emergency response; and

100.20 (3) all accessories, equipment, and supplies used directly in equipping and supplying or
100.21 resupplying an ambulance or first responder vehicle.

100.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
100.23 30, 2019.

100.24 Sec. 8. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to
100.25 read:

100.26 Subd. 37. **Certain herbicides.** (a) Purchases of herbicides authorized for use pursuant
100.27 to an invasive aquatic plant management permit as defined under section 103G.615 are
100.28 exempt if purchased by:

100.29 (1) a lakeshore property owner;

100.30 (2) an association of lakeshore property owners organized under chapter 317A; or

101.1 (3) a contractor hired by a lakeshore owner or association to provide invasive aquatic
101.2 plant management under the permit.

101.3 (b) For purposes of this subdivision, "herbicides" means a substance or mixture of
101.4 substances intended for use as a plant regulator, defoliant, or desiccant that are:

101.5 (1) labeled for use in water;

101.6 (2) registered for use in this state by the Department of Agriculture under section 18B.26;
101.7 and

101.8 (3) listed as one of the herbicides proposed for use on the invasive aquatic plant
101.9 management permit.

101.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
101.11 30, 2019.

101.12 Sec. 9. Minnesota Statutes 2018, section 297A.68, subdivision 29, is amended to read:

101.13 Subd. 29. **Prizes.** (a) Tangible personal property that will be given as prizes to players
101.14 in games of skill or chance is exempt if:

101.15 (1) the games are conducted at events such as community festivals, fairs, and carnivals
101.16 and if the events last less than six days; or

101.17 (2) the property is awarded as prizes in connection with lawful gambling as defined in
101.18 section 349.12.

101.19 (b) This exemption does not apply to property awarded as prizes in connection with
101.20 ~~lawful gambling as defined in section 349.12~~ or the State Lottery.

101.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
101.22 30, 2019.

101.23 Sec. 10. Minnesota Statutes 2018, section 297A.68, is amended by adding a subdivision
101.24 to read:

101.25 Subd. 30a. **Films.** (a) Tangible personal property primarily used or consumed in the
101.26 preproduction, production, or postproduction of a film is exempt. Any such film, regardless
101.27 of the medium in which it is transferred, is exempt. "Preproduction" and "production" include
101.28 but are not limited to all activities related to the preparation for shooting and the shooting
101.29 of the film, including film processing. For purposes of this subdivision, "film" has the
101.30 meaning given in section 116U.26 except that it excludes television commercials. Equipment
101.31 rented for preproduction and production activities is exempt. "Postproduction" includes but

102.1 is not limited to all activities related to the finishing and duplication of a film. This exemption
102.2 does not apply to tangible personal property used primarily in administration, general
102.3 management, or marketing. Machinery and equipment purchased for use in producing such
102.4 films and fuel, electricity, gas, or steam used for space heating or lighting are not exempt
102.5 under this subdivision.

102.6 (b) The exemption under this subdivision is effective for sales and purchases made after
102.7 June 30, 2019, and before June 30, 2021.

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

102.9 Sec. 11. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

102.10 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology
102.11 equipment and computer software are exempt from tax as follows:

102.12 (1) purchases of enterprise information technology equipment and computer software,
102.13 and replacements or upgrades to the equipment, for use in a qualified data center, or a
102.14 qualified refurbished data center, are exempt;

102.15 (2) purchases of prewritten computer software, and replacements or upgrades to the
102.16 software, for use by or in a qualified data center or a qualified refurbished data center are
102.17 exempt as follows:

102.18 (i) for purchases prior to July 1, 2019, software that is loaded at the data center and either
102.19 operates, maintains, or monitors the enterprise information technology equipment exempt
102.20 under clause (1), or manages, manipulates, analyzes, collects, stores, processes, distributes,
102.21 or allows access to large amounts of data, or any other similar functions related to the data,
102.22 at the qualified data center or qualified refurbished data center, is exempt. This exemption
102.23 does not apply to software that is distributed to users outside of the facility;

102.24 (ii) for purchases after June 30, 2019, all software that is loaded at the data center is
102.25 exempt, including software that is distributed to users outside of the facility, but the refund
102.26 provided in clause (3) is limited to 50 percent of the tax paid on the software; and

102.27 (iii) purchases of software exempt under this clause include licenses to use the software
102.28 and maintenance agreements for the software, except that computer software maintenance
102.29 agreements are exempt for purchases made after June 30, 2013-; and

102.30 (3) the tax on purchases exempt under this paragraph must be imposed and collected as
102.31 if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,
102.32 2013, in the manner provided under clause (2), item (ii), and in section 297A.75. This

103.1 ~~exemption includes enterprise information technology equipment and computer software~~
103.2 ~~purchased to replace or upgrade enterprise information technology equipment and computer~~
103.3 ~~software in a qualified data center, or a qualified refurbished data center.~~

103.4 (b) Electricity used or consumed in the operation of a qualified data center or qualified
103.5 refurbished data center is exempt.

103.6 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

103.7 (1) that is comprised of one or more buildings that consist in the aggregate of at least
103.8 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where
103.9 the total cost of construction or refurbishment, investment in enterprise information
103.10 technology equipment, and computer software is at least \$30,000,000 within a 48-month
103.11 period. The 48-month period begins no sooner than July 1, 2012, except that costs for
103.12 computer software maintenance agreements purchased before July 1, 2013, are not included
103.13 in determining if the \$30,000,000 threshold has been met;

103.14 (2) that is constructed or substantially refurbished after June 30, 2012, where
103.15 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
103.16 modified, including:

103.17 (i) installation of enterprise information technology equipment; environmental control,
103.18 computer software, and energy efficiency improvements; and

103.19 (ii) building improvements; and

103.20 (3) that is used to house enterprise information technology equipment, where the facility
103.21 has the following characteristics:

103.22 (i) uninterruptible power supplies, generator backup power, or both;

103.23 (ii) sophisticated fire suppression and prevention systems; and

103.24 (iii) enhanced security. A facility will be considered to have enhanced security if it has
103.25 restricted access to the facility to selected personnel; permanent security guards; video
103.26 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,
103.27 such as hand scans and retinal or fingerprint recognition; or similar security features.

103.28 In determining whether the facility has the required square footage, the square footage
103.29 of the following spaces shall be included if the spaces support the operation of enterprise
103.30 information technology equipment: office space, meeting space, and mechanical and other
103.31 support facilities. For purposes of meeting investment and square footage criteria in this
103.32 subdivision paragraph, "computer software" ~~includes, but is not limited to, software utilized~~

104.1 ~~or loaded at a qualified data center or qualified refurbished data center, including~~
104.2 ~~maintenance, licensing,~~ means both software that is exempt under paragraph (a), clause (2),
104.3 and software customization.

104.4 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
104.5 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
104.6 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
104.7 square feet, and that are located on a single parcel or contiguous parcels, where the total
104.8 cost of construction or refurbishment, investment in enterprise information technology
104.9 equipment, and computer software is at least \$50,000,000 within a 24-month period.

104.10 (e) For purposes of this subdivision, "enterprise information technology equipment"
104.11 means computers and equipment supporting computing, networking, or data storage,
104.12 including servers and routers. It includes, but is not limited to: cooling systems, cooling
104.13 towers, and other temperature control infrastructure; power infrastructure for transformation,
104.14 distribution, or management of electricity used for the maintenance and operation of a
104.15 qualified data center or qualified refurbished data center, including but not limited to exterior
104.16 dedicated business-owned substations, backup power generation systems, battery systems,
104.17 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
104.18 the maintenance and operation of the qualified data center or qualified refurbished data
104.19 center.

104.20 (f) A qualified data center or qualified refurbished data center may claim the following:

104.21 (1) the exemptions in this subdivision provided under paragraphs (a), clause (1), and
104.22 (b), for purchases made either within 20 years of the date of its first purchase qualifying for
104.23 the exemption exemptions under paragraph (a), or by June 30, 2042, whichever is earlier;

104.24 (2) where the first purchase qualifying for the exemptions under paragraph (a) was made
104.25 between July 1, 2012, and June 30, 2014, the exemption provided under paragraph (a),
104.26 clause (2), item (i), for those purchases of software made within a period starting on the
104.27 date of the first purchase qualifying for the exemption under paragraph (a) and ending with
104.28 the last purchase made prior to July 1, 2019;

104.29 (3) where the first purchase qualifying for the exemptions under paragraph (a) was made
104.30 after June 30, 2019, the exemption provided under paragraph (a), clause (2), item (ii), for
104.31 purchases of software made within five years of the date of its first purchase qualifying for
104.32 the exemption under paragraph (a), or by June 30, 2042, whichever is earlier;

104.33 (4) where the first purchase qualifying for the exemptions under paragraph (a) was made
104.34 between July 1, 2014, and June 30, 2019, the exemption provided under paragraph (a),

105.1 clause (2), item (i), for purchases of software made prior to July 1, 2019, and the exemption
105.2 provided under paragraph (a), clause (2), item (ii), for purchases of software made after
105.3 June 30, 2019, for purchases made within five years of the first purchase qualifying for the
105.4 exemptions under paragraph (a); and

105.5 (5) notwithstanding clauses (2) to (4), and paragraph (a), clause (2), a qualified data
105.6 center or qualified refurbished data center may claim the exemption for purchases of software
105.7 under paragraph (a), clause (2), during only one exemption period, as described in either
105.8 clause (2), (3), or (4), per data center location. If the commissioner of employment and
105.9 economic development subsequently certifies the data center as newly meeting the
105.10 requirements under paragraph (c) or (d) at the same data center location, a data center that
105.11 previously qualified for the exemption on purchases of software under paragraph (a), clause
105.12 (2), as either a qualified data center or a qualified refurbished data center for the relevant
105.13 period described in clause (2), (3), or (4), is not eligible for the exemption on purchases of
105.14 software under the subsequent certification.

105.15 (g) The purpose of this exemption is to create jobs in the construction and data center
105.16 industries.

105.17 (h) This subdivision is effective for sales and purchases made before July 1, 2042, as
105.18 limited by paragraph (f).

105.19 (i) The commissioner of employment and economic development must certify to the
105.20 commissioner of revenue, in a format approved by the commissioner of revenue, when a
105.21 qualified data center has met the requirements under paragraph (c) or a qualified refurbished
105.22 data center has met the requirements under paragraph (d). The certification must provide
105.23 the following information regarding each qualified data center or qualified refurbished data
105.24 center:

105.25 (1) the total square footage amount;

105.26 (2) the total amount of construction or refurbishment costs and the total amount of
105.27 qualifying investments in enterprise information technology equipment and computer
105.28 software; and

105.29 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)
105.30 in which the qualifying expenditures and purchases under clause (2) were made, but in no
105.31 case shall the period begin before July 1, 2012;

105.32 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must
105.33 not be issued unless the commissioner of revenue has received the certification required

106.1 under paragraph (i) either from the commissioner of employment and economic development
106.2 or the qualified data center or qualified refurbished data center claiming the refund; and

106.3 (k) The commissioner of employment and economic development must annually notify
106.4 the commissioner of revenue of the qualified data centers that are projected to meet the
106.5 requirements under paragraph (c) and the qualified refurbished data centers that are projected
106.6 to meet the requirements under paragraph (d) in each of the next four years. The notification
106.7 must provide the information required under paragraph (i), clauses (1) to (3), for each
106.8 qualified data center or qualified refurbished data center.

106.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
106.10 30, 2019; except that paragraph (a), clause (2), item (i), and those portions of paragraph (f)
106.11 relating to the exemption provided under paragraph (a), clause (2), item (i), are effective
106.12 retroactively to the first purchase qualifying for the exemptions under paragraph (a) made
106.13 after June 30, 2012, for sales and purchases of software made prior to July 1, 2019.

106.14 Sec. 12. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
106.15 to read:

106.16 **Subd. 3a. Certain purchases from state fire safety account.** Purchases made by the
106.17 commissioner of public safety under section 299F.012, subdivision 1, with revenues from
106.18 the fire safety account established in section 297I.06, subdivision 3, are exempt if the items
106.19 purchased ultimately will be provided to an organized fire department, fire protection district,
106.20 fire-related regional response team, or fire company regularly charged with the responsibility
106.21 of providing fire protection services to the state, a substate region, or a political subdivision.

106.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
106.23 30, 2019.

106.24 Sec. 13. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
106.25 to read:

106.26 **Subd. 3b. Purchases by volunteer fire departments.** Sales to and purchases by a
106.27 volunteer fire department are exempt if: (1) the good or service would be exempt when
106.28 purchased by a local government under subdivision 2; and (2) the volunteer fire department
106.29 is an independent nonprofit association that is exempt from federal income tax under section
106.30 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

106.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
106.32 30, 2019.

107.1 Sec. 14. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

107.2 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are
107.3 exempt if all the gross receipts are recorded as such, in accordance with generally accepted
107.4 accounting principles, on the books of one or more organizations whose primary mission
107.5 is to provide an opportunity for citizens of the state to participate in the creation, performance,
107.6 or appreciation of the arts, and provided that each organization is:

107.7 (1) an organization described in section 501(c)(3) of the Internal Revenue Code in which
107.8 voluntary contributions make up at least five percent of the organization's annual revenue
107.9 in its most recently completed 12-month fiscal year, or in the current year if the organization
107.10 has not completed a 12-month fiscal year;

107.11 (2) a municipal board that promotes cultural and arts activities; or

107.12 (3) the University of Minnesota, a state college and university, or a private nonprofit
107.13 college or university provided that the event is held at a facility owned by the educational
107.14 institution holding the event.

107.15 The exemption only applies if the entire proceeds, after reasonable expenses, are used solely
107.16 to provide opportunities for citizens of the state to participate in the creation, performance,
107.17 or appreciation of the arts.

107.18 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt,
107.19 provided that the exemption under this paragraph does not apply to tickets or admissions
107.20 to performances or events held on the premises unless the performance or event is sponsored
107.21 and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota
107.22 Zoological Garden.

107.23 (c) Tickets or admissions to a performance or event on the premises of a tax-exempt
107.24 organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

107.25 (1) the nonprofit organization was established to preserve Minnesota's rural agricultural
107.26 heritage and focuses on educating the public about rural history and how farms in Minnesota
107.27 helped to provide food for the nation and the world;

107.28 (2) the premises of the nonprofit organization is at least 115 acres;

107.29 (3) the performance or event is sponsored and conducted exclusively by volunteers,
107.30 employees of the nonprofit organization, or members of the board of directors of the nonprofit
107.31 organization; and

108.1 (4) the performance or event is consistent with the nonprofit organization's purposes
108.2 under section 501(c)(3) of the Internal Revenue Code.

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

108.4 Sec. 15. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

108.5 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose
108.6 of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage
108.7 Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high
108.8 school programs, are exempt if the organization is a private, nonprofit corporation exempt
108.9 from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

108.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
108.11 30, 2019.

108.12 Sec. 16. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
108.13 to read:

108.14 Subd. 21. **County agricultural society sales at county fairs.** Sales by a county
108.15 agricultural society during a regularly scheduled county fair are exempt. For purposes of
108.16 this subdivision, sales include admissions to and parking at the county fairgrounds,
108.17 admissions to separately ticketed events run by the county agricultural society, and
108.18 concessions and other sales made by employees or volunteers of the county agricultural
108.19 society on the county fairgrounds. This exemption does not apply to sales or events by a
108.20 county agricultural society held at a time other than at the time of the regularly scheduled
108.21 county fair, or events not held on the county fairgrounds.

108.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
108.23 30, 2019.

108.24 Sec. 17. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
108.25 to read:

108.26 Subd. 22. **Nonprofit conservation clubs.** Sales to nonprofit conservation clubs are
108.27 exempt. For purposes of this subdivision, a "nonprofit conservation club" means an
108.28 organization exempt under section 501(c)(3) of the Internal Revenue Code that provides
108.29 instruction, training, and facilities for shooting handguns or rifles.

108.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
108.31 30, 2019.

109.1 Sec. 18. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
109.2 to read:

109.3 Subd. 23. **Nonprofit arena board.** Sales to an organization that exists primarily for the
109.4 purpose of owning or operating facilities that are part of the Lake of the Woods International
109.5 Arena are exempt if the organization is a private, nonprofit corporation exempt from federal
109.6 income taxation under section 501(c)(3) of the Internal Revenue Code.

109.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
109.8 30, 2019.

109.9 Sec. 19. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision
109.10 to read:

109.11 Subd. 24. **Prepared food used by certain nonprofits.** Sales of prepared food to a
109.12 nonprofit organization that, as part of its charitable mission, is sponsoring and managing
109.13 the provision of meals and other food through the federal Child and Adult Care Food Program
109.14 or the federal Summer Food Service Program to unaffiliated centers and sites are exempt
109.15 from sales tax. Only prepared food purchased from a caterer or other business under a
109.16 contract with the nonprofit and used directly in the Child and Adult Care Food Program or
109.17 the federal Summer Food Service Program qualifies for this exemption. Prepared food
109.18 purchased by the nonprofit for other purposes remains taxable.

109.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
109.20 30, 2019.

109.21 Sec. 20. Minnesota Statutes 2018, section 297A.71, subdivision 50, is amended to read:

109.22 **Subd. 50. Properties destroyed by fire.** (a) Building materials and supplies used in,
109.23 and equipment incorporated into, the construction or replacement of real property that is
109.24 located in Melrose affected by the fire on September 8, 2016, are exempt.

109.25 (b) For sales and purchases made for the periods of (1) after September 30, 2016, and
109.26 before July 1, 2017, and (2) after December 31, 2018, and before July 1, 2019, the tax must
109.27 be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and
109.28 then refunded in the manner provided in section 297A.75.

109.29 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
109.30 made after December 31, 2018.

110.1 Sec. 21. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
110.2 to read:

110.3 Subd. 51. **Lake of the Woods International Arena construction.** (a) Materials and
110.4 supplies used or consumed in, and equipment incorporated into, the construction or
110.5 improvement of the Lake of the Woods International Arena are exempt.

110.6 (b) The tax on purchases exempt under this subdivision must be imposed and collected
110.7 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner
110.8 provided in section 297A.75.

110.9 (c) The exemption under this subdivision is effective for purchases made after March
110.10 30, 2018, and before April 1, 2020.

110.11 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
110.12 final enactment and applies retroactively from March 30, 2018.

110.13 Sec. 22. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
110.14 to read:

110.15 Subd. 52. **Properties destroyed by fire.** (a) Building materials and supplies used or
110.16 consumed in, and equipment incorporated into, the construction or replacement of real
110.17 property affected by, and capital equipment to replace equipment destroyed in, the fire on
110.18 March 11, 2018, in the city of Mazeppa are exempt.

110.19 (b) The tax must be imposed and collected as if the rate under section 297A.62,
110.20 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

110.21 (c) For purposes of this subdivision, "capital equipment" includes durable equipment
110.22 used in a restaurant for food storage, preparation, and serving.

110.23 (d) The exemption under this subdivision applies to sales and purchases made after
110.24 March 11, 2018, and before January 1, 2022.

110.25 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
110.26 final enactment and applies retroactively from March 11, 2018.

110.27 Sec. 23. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
110.28 to read:

110.29 Subd. 53. **Former Duluth Central High School.** (a) Materials and supplies used in and
110.30 equipment incorporated into a private redevelopment project on the site of the former Duluth

111.1 Central High School are exempt, provided the resulting development is subject to property
111.2 taxes.

111.3 (b) The tax must be imposed and collected as if the rate under section 297A.62,
111.4 subdivision 1, applied and then refunded in the manner provided in section 297A.75. The
111.5 commissioner must not pay more than \$1,000,000 in refunds for purchases exempt under
111.6 this subdivision. Refunds must be processed and issued in the order that complete and
111.7 accurate applications are received by the commissioner.

111.8 (c) The exemption under this subdivision applies for sales and purchases made after
111.9 June 30, 2019, and before January 1, 2021.

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

111.11 Sec. 24. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
111.12 to read:

111.13 Subd. 54. **Construction; certain local government facilities.** (a) Materials and supplies
111.14 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,
111.15 or remodeling of the following local government owned facilities are exempt:

111.16 (1) a new fire station, which includes firefighting, emergency management, public safety
111.17 training, and other public safety facilities in the city of Monticello if materials, supplies,
111.18 and equipment are purchased after January 31, 2019, and before January 1, 2022;

111.19 (2) a new fire station, which includes firefighting and public safety training facilities
111.20 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and
111.21 equipment are purchased after June 30, 2018, and before January 1, 2021;

111.22 (3) a fire station and police station, including access roads, lighting, sidewalks, and
111.23 utility components, on or adjacent to the property on which the fire station or police station
111.24 are located that are necessary for safe access to and use of those buildings, in the city of
111.25 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and
111.26 before January 1, 2021;

111.27 (4) the school building in Independent School District No. 414, Minneota, if materials,
111.28 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

111.29 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment
111.30 are purchased after December 31, 2018, and before January 1, 2021;

111.31 (6) an interpretive center, including access roads, lighting, sidewalks, and utility
111.32 components, on or adjacent to the property on which the interpretive center is located that

112.1 are necessary for safe access to and use of the buildings, owned and operated by the city of
112.2 St. Louis Park if materials, supplies, and equipment are purchased after April 1, 2019, and
112.3 before January 1, 2021; and

112.4 (7) a Dakota County law enforcement collaboration center, also known as the Safety
112.5 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,
112.6 and equipment are purchased after June 30, 2019, and before July 1, 2021.

112.7 (b) The tax must be imposed and collected as if the rate under section 297A.62,
112.8 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

112.9 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed
112.10 \$850,000.

112.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and
112.12 applies retroactively to sales and purchases made during the time periods listed for each
112.13 project in paragraph (a).

112.14 Sec. 25. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision
112.15 to read:

112.16 Subd. 55. **Nonprofit snowmobile clubs.** Building materials and supplies used by a
112.17 nonprofit snowmobile club to construct, reconstruct, or maintain or improve state or
112.18 grant-in-aid snowmobile trails are exempt. A nonprofit snowmobile club is eligible for the
112.19 exemption under this subdivision if it received, in the current year or in the previous
112.20 three-year period, a state grant-in-aid grant administered by the Department of Natural
112.21 Resources by applying for the grant with a local unit of government sponsor.

112.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
112.23 30, 2019.

112.24 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

112.28 (1) building materials for an agricultural processing facility exempt under section
112.29 297A.71, subdivision 13;

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

- 113.1 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 113.2 (4) building materials used in a residence for disabled veterans exempt under section
113.3 297A.71, subdivision 11;
- 113.4 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 113.5 (6) materials and supplies for qualified low-income housing under section 297A.71,
113.6 subdivision 23;
- 113.7 (7) materials, supplies, and equipment for municipal electric utility facilities under
113.8 section 297A.71, subdivision 35;
- 113.9 (8) equipment and materials used for the generation, transmission, and distribution of
113.10 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
113.11 37;
- 113.12 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
113.13 (a), clause (10);
- 113.14 (10) materials, supplies, and equipment for construction or improvement of projects and
113.15 facilities under section 297A.71, subdivision 40;
- 113.16 (11) materials, supplies, and equipment for construction, improvement, or expansion
113.17 of:
- 113.18 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
113.19 section 297A.71, subdivision 42;
- 113.20 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
113.21 45;
- 113.22 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
113.23 297A.71, subdivision 46; and
- 113.24 (iv) an industrial measurement manufacturing and controls facility exempt under
113.25 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 113.26 (12) enterprise information technology equipment and computer software for use in a
113.27 qualified data center exempt under section 297A.68, subdivision 42;
- 113.28 (13) materials, supplies, and equipment for qualifying capital projects under section
113.29 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 113.30 (14) items purchased for use in providing critical access dental services exempt under
113.31 section 297A.70, subdivision 7, paragraph (c);

114.1 (15) items and services purchased under a business subsidy agreement for use or
 114.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
 114.3 44;

114.4 (16) building materials, equipment, and supplies for constructing or replacing real
 114.5 property exempt under section 297A.71, ~~subdivision~~ subdivisions 49; 50, paragraph (b);
 114.6 51; 52; and 53; and

114.7 (17) building materials, equipment, and supplies for ~~constructing or replacing real~~
 114.8 ~~property exempt under section 297A.71, subdivision 50, paragraph (b).~~ qualifying capital
 114.9 projects under section 297A.71, subdivision 54.

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

114.11 Sec. 27. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

114.12 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
 114.13 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items,
 114.14 except as otherwise provided in section 297A.68, subdivision 42, must be paid to the
 114.15 applicant. Only the following persons may apply for the refund:

114.16 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

114.17 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

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

114.22 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

114.23 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
 114.24 joint venture of municipal electric utilities;

114.25 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
 114.26 business;

114.27 (8) for subdivision 1, clauses (9), (10), ~~and (13), and (17),~~ the applicant must be the
 114.28 governmental entity that owns or contracts for the project or facility; and

114.29 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
 114.30 building or project; and.

115.1 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~
115.2 ~~building or project.~~

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

115.4 Sec. 28. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

115.5 Subdivision 1. **Persons applying.** (a) A ~~retailer~~ person required to collect and remit
115.6 sales taxes under section 297A.66 shall file with the commissioner an application for a
115.7 permit.

115.8 (b) A retailer making retail sales from outside this state to a destination within this state
115.9 who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file
115.10 an application for a permit.

115.11 (c) The commissioner may require any person or class of persons obligated to file a use
115.12 tax return under section 289A.11, subdivision 3, to file an application for a permit.

115.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
115.14 30, 2019.

115.15 Sec. 29. Laws 2017, First Special Session chapter 1, article 3, section 26, the effective
115.16 date, is amended to read:

115.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
115.18 30, 2017, ~~and before July 1, 2027.~~

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

115.20 Sec. 30. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective
115.21 date, is amended to read:

115.22 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases
115.23 made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective
115.24 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and
115.25 (2) after December 31, 2018, and before July 1, 2019.

115.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2019.

116.1 Sec. 31. **MUNICIPALLY OWNED WATER TREATMENT FACILITY; CITY OF**
116.2 **ELKO NEW MARKET.**

116.3 Subdivision 1. **Exemption.** Materials and supplies used in and equipment incorporated
116.4 into a water treatment facility owned and operated by the city of Elko New Market are
116.5 exempt from taxation under Minnesota Statutes, chapter 297A, regardless of whether the
116.6 materials and supplies are purchased by the city or a contractor, subcontractor, or builder.
116.7 All purchases for this facility must have been made after June 1, 2014, and before June 1,
116.8 2016.

116.9 Subd. 2. **Refund.** The tax on purchases exempt under subdivision 1 must be imposed
116.10 and collected as if the rate under Minnesota Statutes, section 297A.62, applied, and then
116.11 refunded in the manner provided in Minnesota Statutes, section 297A.75. The applicant
116.12 must be the city of Elko New Market. If sales tax has been paid on sales and purchases
116.13 exempt under this section prior to the effective date of this section, the city of Elko New
116.14 Market may apply directly to the commissioner of revenue for a refund. The application
116.15 must be in the form and manner required by the commissioner and provide sufficient
116.16 information so the commissioner can verify the amount paid. If the tax was paid by a
116.17 contractor, subcontractor, or builder, the contractor, subcontractor, or builder must furnish
116.18 to the refund applicant a statement including the cost of the exempt items and the taxes paid
116.19 on the items. Interest must be paid on the refund at the rate in Minnesota Statutes, section
116.20 270C.405, from 90 days after the refund claim is filed with the commissioner.

116.21 Subd. 3. **Appropriation.** The amount required to make the refunds under this section
116.22 is appropriated to the commissioner of revenue.

116.23 **EFFECTIVE DATE.** This section is effective retroactively for purchases made after
116.24 June 1, 2014, and before June 1, 2016.

116.25 Sec. 32. **TAX EXPENDITURES; STATEMENTS OF INTENT.**

116.26 (a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose
116.27 and goals for the tax expenditures in this article are listed in this section.

116.28 (b) The purpose of the exemption in section 8 is to level the playing field for costs
116.29 between local governments and private entities of managing invasive species in lakes. The
116.30 goal is an increase in the number of lakes where invasive species are being controlled.

116.31 (c) The purpose of the exemption in section 9 is to decrease costs faced by charitable
116.32 gambling organizations. The goal is to increase their revenue spent on charitable activities.

117.1 (d) The purpose of the exemption in section 10 is to decrease costs of film production
117.2 in the state. The goal is to increase the number of film productions in the state.

117.3 (e) The purpose of the exemption in section 12 is to level the playing field between the
117.4 state and local governments when purchasing firefighting equipment. The goal is to allow
117.5 the state to purchase more equipment for local governments.

117.6 (f) The purpose of the exemptions in sections 7 and 13 is to reduce costs of providing
117.7 local public services in these communities. The goal is to decrease the growth in local
117.8 property taxes and service fees in these communities.

117.9 (g) The purpose of the exemption in section 14 is to reduce the cost of providing education
117.10 on the state's farming history. The goal is to decrease the public cost of access to this facility.

117.11 (h) The purpose of the exemption in section 15 is to decrease maintenance costs for the
117.12 ice arena. The goal is to increase local recreation opportunities and reduce local participation
117.13 costs.

117.14 (i) The purpose of the exemption in section 16 is to help county agricultural societies
117.15 maintain county fairgrounds. The goal is to increase spending on fairground maintenance
117.16 and capital improvements.

117.17 (j) The purpose of the exemption in section 17 is to help nonprofit conservation clubs
117.18 provide increased training and facilities for youth. The goal is to increase youth training on
117.19 gun safety and encourage responsible gun ownership and use.

117.20 (k) The purpose of the exemptions in sections 18 and 21 is to decrease construction and
117.21 maintenance costs for the new Lake of the Woods International Arena facility in Baudette,
117.22 Minnesota. The goal of the arena is to increase access for youth and all residents of Lake
117.23 of the Woods County to safe, accessible, and affordable recreational opportunities. Based
117.24 on the new facility, people with disabilities and those from low-income situations can more
117.25 fully participate in events and activities promoting community engagement and healthy
117.26 living.

117.27 (l) The purpose of the exemption in section 19 is to equalize the costs for programs that
117.28 prepare food on site versus having food prepared off site. The goal is to increase the number
117.29 of after-school and summer youth meals and snacks served.

117.30 (m) The purpose of the exemptions in sections 20 and 22 is to encourage rebuilding in
117.31 the damaged area of each city. The goal is to have these properties returned to the tax rolls
117.32 at the same or greater value.

118.1 (n) The purpose of the exemption in section 23 is to encourage redevelopment of the
118.2 school site and increase the city property tax base. The goal is to have private development
118.3 on the site.

118.4 (o) The purpose of the exemption in sections 24 and 31 is to reduce the cost of providing
118.5 local public services in these communities. The goal is to decrease the growth in local
118.6 property taxes and service fees in these communities.

118.7 (p) The purpose of the exemption in section 25 is to decrease the cost for trail maintenance
118.8 by nonprofit snowmobile clubs. The goal is to increase miles of trails maintained.

118.9 (q) The purpose of eliminating the sunset on the exemption in section 29 is to stabilize
118.10 and allow for long-term planning for the participation scholarships offered by the Minnesota
118.11 State High School League. The goal is to maintain or increase participation in extracurricular
118.12 activities by low-income students.

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

118.14 Sec. 33. **REPEALER.**

118.15 Minnesota Statutes 2018, section 297A.66, subdivision 4b, is repealed.

118.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
118.17 September 30, 2019.

118.18 **ARTICLE 4**

118.19 **SPECIAL TAXES**

118.20 Section 1. Minnesota Statutes 2018, section 295.75, subdivision 4, is amended to read:

118.21 Subd. 4. **Tax collection required.** A liquor retailer with nexus in Minnesota or a direct
118.22 ship winery as defined in section 340A.550, who is not subject to tax under subdivision 2,
118.23 is required to collect the tax imposed under subdivision 3 from the purchaser of the liquor
118.24 and give the purchaser a receipt for the tax paid. The tax collected must be remitted to the
118.25 commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

118.26 **EFFECTIVE DATE.** This section is effective for sales and purchases occurring on or
118.27 after July 1, 2019, provided that Minnesota Statutes, section 340A.550, relating to the
118.28 licensing of direct ship wineries is enacted and effective July 1, 2019.

119.1 Sec. 2. Minnesota Statutes 2018, section 296A.03, subdivision 3, is amended to read:

119.2 Subd. 3. **Form of application; license fee.** An application for a distributor's license
119.3 shall be made in the form and manner prescribed by the commissioner and must be
119.4 accompanied by an initial fee of \$25. Once licensed, a distributor must remit a \$25 fee
119.5 annually to maintain the license.

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

119.7 Sec. 3. Minnesota Statutes 2018, section 296A.13, is amended to read:

119.8 **296A.13 PERSONAL LIABILITY FOR TAX.**

119.9 Liability for payment of taxes under this chapter includes a responsible person or entity
119.10 described in the personal liability provisions of section 270C.56-, except "person" includes
119.11 but is not limited to directors and officers of corporations, governors, managers, or members
119.12 of a member-managed limited liability company, or partners of partnerships who, either
119.13 individually or jointly with others, have the control, supervision, or responsibility of filing
119.14 returns and making payment of the amount of tax imposed by this chapter.

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

119.16 Sec. 4. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

119.17 Subdivision 1. **Persons applying.** (a) A retailer required to collect and remit sales taxes
119.18 under section 297A.66 or a direct ship winery as defined in section 340A.550 shall file with
119.19 the commissioner an application for a permit under this section.

119.20 (b) A retailer making retail sales from outside this state to a destination within this state
119.21 who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file
119.22 an application for a permit.

119.23 (c) The commissioner may require any person or class of persons obligated to file a use
119.24 tax return under section 289A.11, subdivision 3, to file an application for a permit.

119.25 **EFFECTIVE DATE.** This section is effective for permits applied for after June 30,
119.26 2019, provided that Minnesota Statutes, section 340A.550, relating to the licensing of direct
119.27 ship wineries is enacted and effective July 1, 2019.

119.28 Sec. 5. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

119.29 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,
119.30 made, or derived from tobacco that is intended for human consumption, whether chewed,

120.1 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or
120.2 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;
120.3 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking
120.4 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing
120.5 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds
120.6 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco
120.7 products includes nicotine solution products. Tobacco products excludes any tobacco product
120.8 that has been approved by the United States Food and Drug Administration for sale as a
120.9 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,
120.10 and is being marketed and sold solely for such an approved purpose.

120.11 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco
120.12 products includes a premium cigar, as defined in subdivision 13a.

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

120.14 Sec. 6. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to
120.15 read:

120.16 Subd. 22b. Nicotine solution products. (a) "Nicotine solution products" means any
120.17 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that
120.18 is in a solution that is consumed, or meant to be consumed, through the use of a heating
120.19 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
120.20 that produces vapor or aerosol. This paragraph expires December 31, 2019.

120.21 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,
120.22 or other package that contains nicotine, including nicotine made or derived from tobacco
120.23 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,
120.24 through the use of a heating element, power source, electronic circuit, or other electronic,
120.25 chemical, or mechanical means that produces vapor or aerosol.

120.26 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic
120.27 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,
120.28 or other components, parts, or accessories sold with and meant to be used in the consumption
120.29 of a solution containing nicotine.

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

121.1 Sec. 7. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

121.2 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which
121.3 a distributor purchases a tobacco product.

121.4 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing
121.5 nicotine that is part of a kit that also includes a product, device, component, part, or accessory
121.6 described in subdivision 22b:

121.7 (1) the wholesale sales price is the price at which the distributor purchases the kit; except
121.8 that

121.9 (2) if the distributor also separately sells the same package of solution containing nicotine
121.10 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,
121.11 then the wholesale sales price includes only the price at which the distributor separately
121.12 purchases the package of the solution containing nicotine and any taxes, charges, and costs
121.13 listed in paragraph (c).

121.14 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or
121.15 packaging costs, regardless of whether they were included in the purchase price.

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

121.17 Sec. 8. Minnesota Statutes 2018, section 297F.05, is amended by adding a subdivision to
121.18 read:

121.19 Subd. 1b. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates
121.20 under subdivision 1, including any adjustment made in prior years under this subdivision,
121.21 by multiplying the mill rates for the current calendar year by an adjustment factor and
121.22 rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax
121.23 rate that applies to the following calendar year divided by the in-lieu sales tax rate for the
121.24 current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the
121.25 tax rate established under section 297F.25, subdivision 1. For purposes of the calculations
121.26 under this subdivision to be made in any year in which an increase in the federal or state
121.27 excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated
121.28 average price for the current year an amount equal to any increase in the state or federal
121.29 excise tax rate.

121.30 (b) The commissioner shall publish the resulting rate by November 1 and the rate applies
121.31 to sales made on or after January 1 of the following year.

122.1 (c) The determination of the commissioner under this subdivision is not a rule and is
122.2 not subject to the Administrative Procedure Act in chapter 14, including section 14.386.

122.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
122.4 applies beginning with rates calculated for calendar year 2020.

122.5 Sec. 9. Minnesota Statutes 2018, section 297F.08, subdivision 8, is amended to read:

122.6 Subd. 8. **Sale of stamps.** The commissioner may sell stamps on a credit basis under
122.7 conditions prescribed by the commissioner. The commissioner shall sell the stamps at a
122.8 price which includes the tax ~~after giving effect to the discount provided in subdivision 7.~~
122.9 The commissioner shall recover the actual costs of the stamps from the distributor. The
122.10 commissioner shall annually establish the maximum amount of stamps that may be purchased
122.11 each month.

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

122.13 Sec. 10. Minnesota Statutes 2018, section 297F.08, subdivision 9, is amended to read:

122.14 Subd. 9. **Tax stamping machines.** The commissioner shall require any person licensed
122.15 as a distributor to stamp packages with a tax stamping machine, approved by the
122.16 commissioner, which shall be provided by the distributor. The commissioner shall also
122.17 supervise and check the operation of the machines and shall provide for the payment of the
122.18 tax on any package so stamped, ~~subject to the discount provided in subdivision 7.~~ If the
122.19 commissioner finds that a stamping machine is not affixing a legible stamp on the package,
122.20 the commissioner may order the distributor to immediately cease the stamping process until
122.21 the machine is functioning properly.

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

122.23 Sec. 11. Minnesota Statutes 2018, section 297G.07, subdivision 1, is amended to read:

122.24 Subdivision 1. **Exemptions.** The following are not subject to the excise tax:

122.25 (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in
122.26 interstate commerce.

122.27 (2) Alcoholic beverages sold or transferred between Minnesota wholesalers.

122.28 (3) Sales to common carriers engaged in interstate transportation of passengers, except
122.29 as provided in this chapter.

123.1 (4) Malt beverages served by a brewery for on-premise consumption at no charge, or
 123.2 distributed to brewery employees for on-premise consumption under a labor contract.

123.3 ~~(5) Shipments of wine to Minnesota residents under section 340A.417.~~

123.4 ~~(6)~~ Fruit juices naturally fermented or beer naturally brewed in the home for family use
 123.5 and not sold or offered for sale.

123.6 ~~(7)~~ (6) Sales of wine for sacramental purposes under section 340A.316.

123.7 ~~(8)~~ (7) Alcoholic beverages sold to authorized manufacturers of food products or
 123.8 pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture
 123.9 of food products or medicines. For purposes of this clause, "manufacturer" means a person
 123.10 who manufactures food products intended for sale to wholesalers or retailers for ultimate
 123.11 sale to the consumer.

123.12 ~~(9)~~ (8) Liqueur-filled candy.

123.13 ~~(10)~~ (9) Sales to a federal agency, that the state of Minnesota is prohibited from taxing
 123.14 under the Constitution or laws of the United States or under the Constitution of Minnesota.

123.15 ~~(11)~~ (10) Sales to Indian tribes as defined in section 297G.08.

123.16 ~~(12)~~ (11) Shipments of intoxicating liquor from foreign countries to diplomatic personnel
 123.17 of foreign countries assigned to service in this state.

123.18 ~~(13)~~ (12) Shipments of bulk distilled spirits or bulk wine to farm wineries licensed under
 123.19 section 340A.315 for input to the final product.

123.20 **EFFECTIVE DATE.** This section is effective July 1, 2019, provided that Minnesota
 123.21 Statutes, section 340A.550, relating to the licensing of direct ship wineries is enacted and
 123.22 effective July 1, 2019.

123.23 Sec. 12. Minnesota Statutes 2018, section 297H.02, subdivision 2, is amended to read:

123.24 Subd. 2. **Rates.** The rate of tax under this section is ~~9.75~~ 11 percent.

123.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

123.26 Sec. 13. Minnesota Statutes 2018, section 297H.03, subdivision 2, is amended to read:

123.27 Subd. 2. **Rate.** The rate of the tax under this section is ~~17~~ 19 percent.

123.28 **EFFECTIVE DATE.** This section is effective July 1, 2019.

124.1 Sec. 14. Minnesota Statutes 2018, section 297H.04, subdivision 2, is amended to read:

124.2 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste
124.3 shall pay a solid waste management tax of ~~60~~ 67.5 cents per noncompacted cubic yard of
124.4 periodic waste collection capacity purchased by the generator, based on the size of the
124.5 container for the nonmixed municipal solid waste, the actual volume, or the weight-to-volume
124.6 conversion schedule in paragraph (c). However, the tax must be calculated by the waste
124.7 management service provider using the same method for calculating the waste management
124.8 service fee so that both are calculated according to container capacity, actual volume, or
124.9 weight.

124.10 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed
124.11 municipal solid waste shall pay a solid waste management tax in the same manner as provided
124.12 in paragraph (a).

124.13 (c) The weight-to-volume conversion schedule for:

124.14 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to ~~60~~ 67.5
124.15 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner
124.16 of the Pollution Control Agency, shall determine and may publish by notice a conversion
124.17 schedule for construction debris;

124.18 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5
124.19 cents per cubic yard. The commissioner of revenue after consultation with the commissioner
124.20 of the Pollution Control Agency, shall determine, and may publish by notice, a conversion
124.21 schedule for various industrial wastes; and

124.22 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
124.23 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~
124.24 67.5 cents per 150 pounds.

124.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

124.26 Sec. 15. Minnesota Statutes 2018, section 297H.05, is amended to read:

124.27 **297H.05 SELF-HAULERS.**

124.28 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the
124.29 waste management facility to which the waste is delivered at the rate imposed under section
124.30 297H.03, based on the sales price of the waste management services.

125.1 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of
125.2 the waste management facility to which the waste is delivered at the rate imposed under
125.3 section 297H.04.

125.4 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based
125.5 either on the capacity of the container, the actual volume, or the weight-to-volume conversion
125.6 schedule in paragraph (d). However, the tax must be calculated by the operator using the
125.7 same method for calculating the tipping fee so that both are calculated according to container
125.8 capacity, actual volume, or weight.

125.9 (d) The weight-to-volume conversion schedule for:

125.10 (1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals
125.11 3.33 cubic yards, or ~~\$2~~ \$2.25 per ton;

125.12 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5
125.13 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner
125.14 of the Pollution Control Agency, shall determine, and may publish by notice, a conversion
125.15 schedule for various industrial wastes; and

125.16 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
125.17 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~
125.18 67.5 cents per 150 pounds.

125.19 (e) For mixed municipal solid waste the tax is imposed upon the difference between the
125.20 market price and the tip fee at a processing or disposal facility if the tip fee is less than the
125.21 market price and the political subdivision subsidizes the cost of service at the facility. The
125.22 political subdivision is liable for the tax.

125.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

125.24 Sec. 16. Minnesota Statutes 2018, section 297H.13, subdivision 2, is amended to read:

125.25 Subd. 2. **Allocation of revenues.** (a) \$33,760,000, or 70 percent, whichever is greater,
125.26 of the amounts remitted under this chapter must be credited to the environmental fund
125.27 established in section 16A.531, subdivision 1.

125.28 (b) Notwithstanding paragraph (a), 30 percent of the following combined amounts are
125.29 dedicated to the account established under section 297H.131:

125.30 (1) an amount equal to 1.25 percentage points of the tax imposed under section 297H.02,
125.31 subdivision 2;

126.1 (2) an amount equal to two percentage points of the tax imposed under section 297H.03,
126.2 subdivision 2;

126.3 (3) an amount equal to 7.5 cents per cubic yard or per 150 pounds, as applicable, of the
126.4 tax imposed by sections 297H.04, subdivision 2, and 297H.05, paragraph (d), clauses (2)
126.5 and (3); and

126.6 (4) an amount equal to 25 cents per ton of the tax imposed by section 297H.05, paragraph
126.7 (d), clause (1).

126.8 ~~(b)~~ (c) The remainder must be deposited into the general fund.

126.9 **EFFECTIVE DATE.** This section is effective July 1, 2019.

126.10 Sec. 17. **[297H.131] SOIL AND WATER CONSERVATION DISTRICT ACCOUNT.**

126.11 Subdivision 1. Establishment; appropriation. (a) A soil and water conservation district
126.12 account is established in the special revenue fund. An amount equal to the amount allocated
126.13 under section 297H.13, subdivision 2, paragraph (b), clauses (1) to (4), must be deposited
126.14 in this fund annually.

126.15 (b) Money in the account, including interest, is appropriated to the commissioner of
126.16 revenue annually.

126.17 Subd. 2. Distribution. (a) The commissioner of revenue must distribute money in this
126.18 account to the Board of Water and Soil Resources for the operation of soil and water
126.19 conservation districts.

126.20 (b) If a county does not contain a soil and water conservation district, then the Board of
126.21 Water and Soil Resources must distribute money directly to the county to provide soil and
126.22 water conservation services.

126.23 Sec. 18. **REPEALER.**

126.24 Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2;
126.25 296A.05, subdivision 2; and 297F.08, subdivision 5, and Minnesota Rules, part 8125.0410,
126.26 subpart 1, are repealed.

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

127.1

ARTICLE 5

127.2

PROPERTY TAXES

127.3 Section 1. Minnesota Statutes 2018, section 138.053, is amended to read:

127.4 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

127.5 The governing body of any home rule charter or statutory city or town may annually
127.6 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated
127.7 market value, derived from ad valorem taxes on property or other revenues, to be paid to
127.8 the historical society of its respective city, town, or county to be used for the promotion of
127.9 historical work and to aid in defraying the expenses of carrying on the historical work in
127.10 the city, town, or county. No city or town may appropriate any funds for the benefit of any
127.11 historical society unless the society is affiliated with and approved by the Minnesota
127.12 Historical Society.

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

127.14 Sec. 2. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

127.15 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
127.16 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to
127.17 the commissioner of revenue the amounts to be paid.

127.18 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the
127.19 commissioner of revenue shall distribute the specified funds to cities in the same manner
127.20 as local government aid under chapter 477A. An appropriation to the commissioner ~~of~~
127.21 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes
127.22 specified in this paragraph.

127.23 (c) Notwithstanding other law to the contrary, in order to receive distributions under
127.24 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
127.25 that receives funds under this section must make and preserve records necessary to show
127.26 that the funds are spent in compliance with subdivision 4.

127.27 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

127.28 Sec. 3. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

127.29 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service
127.30 officer is the responsible authority with respect to all records in the officer's custody. The
127.31 data on clients' applications for assistance is private data on individuals, as defined in section

128.1 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor
128.2 private data necessary to determine a client's eligibility for the disabled veteran's homestead
128.3 market value exclusion under section 273.13, subdivision 34.

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

128.5 Sec. 4. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

128.6 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following
128.7 powers and duties in administering the property tax laws:;

128.8 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local
128.9 assessors and local boards of review throughout the state as to their duties under the laws
128.10 of the state;;

128.11 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws
128.12 relating to the liability and punishment of public officers and officers and agents of
128.13 corporations for failure or negligence to comply with the provisions of the property tax
128.14 laws, and cause complaints to be made against local assessors, members of boards of
128.15 equalization, members of boards of review, or any other assessing or taxing officer, to the
128.16 proper authority, for their removal from office for misconduct or negligence of duty;;

128.17 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions
128.18 or proceedings for removal, forfeiture, and punishment, for violation of the property tax
128.19 laws in their respective districts or counties;;

128.20 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify
128.21 information, at the parcel level or in the aggregate, as to the assessment and taxation of real
128.22 and personal property, and such other information as may be needful in the work of the
128.23 commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall
128.24 prescribe the content, format, manner, and time of filing of all required reports and
128.25 certifications;

128.26 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each
128.27 even-numbered year, and to each member of the legislature, on or before November 15 of
128.28 each even-numbered year, the report of the department for the preceding years, showing all
128.29 the taxable property subject to the property tax laws and the value of the same, in tabulated
128.30 form;;

128.31 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the
128.32 assessors faithfully discharge their duties; and

129.1 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial
 129.2 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"
 129.3 means property that:

129.4 ~~(1)~~ (i) is designed and equipped for a particular type of industry;

129.5 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;

129.6 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and

129.7 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
 129.8 assessor's preliminary determination.

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

129.10 Sec. 5. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

129.11 Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the
 129.12 commissioner a copy of ~~the abstract~~ preliminary assessment information that the
 129.13 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be
 129.14 acted upon by the local and county boards of review. ~~The abstract must list the real and~~
 129.15 personal property in the county itemized by assessment districts. The assessor of each county
 129.16 in the state shall file with the commissioner, within ten working days following final action
 129.17 of the local board of review or equalization and within five days following final action of
 129.18 the county board of equalization, any changes made by the local or county board. ~~The~~
 129.19 ~~information must be filed in the manner prescribed by the commissioner.~~

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

129.21 Sec. 6. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

129.22 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after
 129.23 adjustments by the State Board of Equalization and inclusion of any omitted property shall
 129.24 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~
 129.25 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~
 129.26 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~
 129.27 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~
 129.28 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~
 129.29 ~~credit under section 273.42.~~

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

130.1 Sec. 7. Minnesota Statutes 2018, section 270C.91, is amended to read:

130.2 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**
130.3 **DUTIES OF COUNTY AUDITOR.**

130.4 A record of all proceedings of the commissioner affecting any change in the net tax
130.5 capacity of any property, as revised by the State Board of Equalization, shall be kept by the
130.6 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of
130.7 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~
130.8 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall
130.9 specify the amounts or amount, or both, added to or deducted from the net tax capacity of
130.10 the real property of each of the several towns and cities, and of the real property not in towns
130.11 or cities, also the percent or amount of both, added to or deducted from the several classes
130.12 of personal property in each of the towns and cities, and also the amount added to or deducted
130.13 from the assessment of any person. The county auditor shall add to or deduct from such
130.14 tract or lot, or portion thereof, of any real property in the county the required percent or
130.15 amount, or both, on the net tax capacity thereof as it stood after equalized by the county
130.16 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case
130.17 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or
130.18 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of
130.19 personal property in the county the required percent or amount, or both, on the net tax
130.20 capacity thereof as it stood after equalized by the county board, adding or deducting in
130.21 manner aforesaid any fractional sum so that no net tax capacity of any separate class of
130.22 personal property shall contain a fraction of a dollar, and add to or deduct from assessment
130.23 of any person, as they stood after equalization by the county board, the required amounts
130.24 to agree with the assessments as returned by the commissioner.

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

130.26 Sec. 8. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

130.27 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation
130.28 if it is owned by a nonprofit charitable or educational organization that qualifies for
130.29 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following
130.30 criteria:

130.31 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts
130.32 useful in providing an understanding of local or regional agricultural history. Primary use
130.33 is determined each year based on the number of days the property is used solely for storage
130.34 and exhibition purposes;

131.1 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but
131.2 includes the land and any taxable structures, fixtures, and equipment on the land;

131.3 (3) the property is not used for a revenue-producing activity for more than ten days in
131.4 each calendar year; and

131.5 (4) the property is not used for residential purposes on either a temporary or permanent
131.6 basis.

131.7 Notwithstanding section 272.025, applications for exemptions under this subdivision
131.8 filed in assessment year 2019 must be filed with the assessor by July 1, 2019.

131.9 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

131.10 Sec. 9. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to
131.11 read:

131.12 Subd. 102. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

131.13 (1) is located in a city of the first class with a population of more than 380,000 as of the
131.14 2010 federal census;

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

131.18 (3) is used exclusively as a pharmacy.

131.19 (b) Property that qualifies for the exemption under this subdivision is limited to parcels
131.20 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for
131.21 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for
131.22 this exemption. The exemption created by this subdivision expires with taxes payable in
131.23 2029.

131.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020
131.25 and thereafter.

131.26 Sec. 10. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to
131.27 read:

131.28 Subd. 103. **Charitable farmland.** Property owned by an organization exempt under
131.29 subdivision 4, 6, or 58 and used in the production of agricultural products as defined in
131.30 section 273.13, subdivision 23, is exempt, provided that any proceeds from the sale of the

132.1 agricultural products are used to support the mission of an organization exempt under
132.2 subdivision 4, 6, or 58.

132.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
132.4 in 2020.

132.5 Sec. 11. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

132.6 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,
132.7 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by
132.8 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,
132.9 grantee or the legal agent of either shall file a certificate of value with the county auditor
132.10 in the county in which the property is located when the deed or other document is presented
132.11 for recording. Contract for deeds are subject to recording under section 507.235, subdivision
132.12 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration
132.13 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items
132.14 and value of personal property transferred with the real property must be listed and deducted
132.15 from the sale price. The certificate of value shall include the classification to which the
132.16 property belongs for the purpose of determining the fair market value of the property, and
132.17 shall include any proposed change in use of the property known to the person filing the
132.18 certificate that could change the classification of the property. The certificate shall include
132.19 financing terms and conditions of the sale which are necessary to determine the actual,
132.20 present value of the sale price for purposes of the sales ratio study. If the property is being
132.21 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code
132.22 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.
132.23 The commissioner of revenue shall promulgate administrative rules specifying the financing
132.24 terms and conditions which must be included on the certificate. The certificate of value
132.25 must include the Social Security number or the federal employer identification number of
132.26 the grantors and grantees. However, a married person who is not an owner of record and
132.27 who is signing a conveyance instrument along with the person's spouse solely to release
132.28 and convey their marital interest, if any, in the real property being conveyed is not a grantor
132.29 for the purpose of the preceding sentence. A statement in the deed that is substantially in
132.30 the following form is sufficient to allow the county auditor to accept a certificate for filing
132.31 without the Social Security number of the named spouse: "(Name) claims no ownership
132.32 interest in the real property being conveyed and is executing this instrument solely to release
132.33 and convey a marital interest, if any, in that real property." The identification numbers of
132.34 the grantors and grantees are private data on individuals or nonpublic data as defined in
132.35 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or

133.1 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax
133.2 administration. The information required to be shown on the certificate of value is limited
133.3 to the information required as of the date of the acknowledgment on the deed or other
133.4 document to be recorded.

133.5 **EFFECTIVE DATE.** This section is effective for certificates of value filed after
133.6 December 31, 2019.

133.7 Sec. 12. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

133.8 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~
133.9 are as follows:

133.10 (1) to make all assessments, based upon the appraised values reported by the local
133.11 assessors or assistants and the county assessor's own knowledge of the value of the property
133.12 assessed;

133.13 (2) to personally view and determine the value of any property ~~which~~ that because of
133.14 its type or character may be difficult for the local assessor to appraise;

133.15 (3) to make all changes ordered by the local boards of review, relative to the net tax
133.16 capacity of the property of any individual, firm or corporation after notice has been given
133.17 and hearings held as provided by law;

133.18 (4) to enter all assessments in the assessment books, furnished by the county auditor,
133.19 with each book and the tabular statements for each book in correct balance;

133.20 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the
133.21 commissioner of revenue;

133.22 (6) to attend the meeting of the county board of equalization; to investigate and report
133.23 on any assessment ordered by said board; to enter all changes made by said board in the
133.24 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~
133.25 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);
133.26 to enter all changes made by the State Board of Equalization in the assessment books; to
133.27 deduct all exemptions authorized by law from each assessment and certify to the county
133.28 auditor the taxable value of each parcel of land, as described and listed in the assessment
133.29 books by the county auditor, and the taxable value of the personal property of each person,
133.30 firm, or corporation assessed;

133.31 (7) to investigate and make recommendations relative to all applications for the abatement
133.32 of taxes or applications for the reduction of the net tax capacity of any property; and

134.1 (8) to perform all other duties relating to the assessment of property for the purpose of
134.2 taxation which may be required by the commissioner of revenue.

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

134.4 Sec. 13. Minnesota Statutes 2018, section 273.0755, is amended to read:

134.5 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

134.6 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed
134.7 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall
134.8 successfully complete a weeklong Minnesota laws course sponsored by the Department of
134.9 Revenue at least once in every four-year period. An assessor need not attend the course if
134.10 they successfully pass the test for the course.

134.11 (b) The commissioner of revenue may require that each county, and each city for which
134.12 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's
134.13 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an
134.14 officer or employee who is certified by the Department of Revenue in tax calculations, and
134.15 ~~(iii)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper
134.16 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~
134.17 ~~county have an officer or employee who is certified by the Department of Revenue in the~~
134.18 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under
134.19 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after
134.20 four years.

134.21 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
134.22 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
134.23 in a seminar that focuses on ethics, professional conduct and the need for standardized
134.24 assessment practices developed and presented by the commissioner of revenue. This
134.25 requirement must be met at least once in every subsequent four-year period. This requirement
134.26 applies to all assessors licensed for one year or more in the four-year period.

134.27 (d) When the commissioner of revenue determines that an individual or board that
134.28 performs functions related to property tax administration has performed those functions in
134.29 a manner that is not uniform or equitable, the commissioner may require that the individual
134.30 or members of the board complete supplemental training. The commissioner may not require
134.31 that an individual complete more than 32 hours of supplemental training pursuant to this
134.32 paragraph. If the individual is required to complete supplemental training due to that
134.33 individual's membership on a local or county board of appeal and equalization, the

135.1 commissioner may not require that the individual complete more than two hours of
135.2 supplemental training.

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

135.4 Sec. 14. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

135.5 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the
135.6 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~
135.7 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax
135.8 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments
135.9 must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review
135.10 the certifications to determine their accuracy. The commissioner may make the changes in
135.11 the certification that are considered necessary or return a certification to the county auditor
135.12 for corrections. The commissioner shall reimburse each taxing district, other than school
135.13 districts, for the taxes lost. The payments must be made at the time provided in section
135.14 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax
135.15 is distributed. Reimbursements to school districts must be made as provided in section
135.16 273.1392. The amount necessary to make the reimbursements under this section is annually
135.17 appropriated from the general fund to the commissioner of revenue.

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

135.19 Sec. 15. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

135.20 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the
135.21 county conservation account created in section 40A.152 to the county revenue fund to
135.22 reimburse the fund for the cost of the property tax credit. The county auditor shall certify
135.23 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~
135.24 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of
135.25 tax lost to the county from the property tax credit under subdivision 1 and the extent that
135.26 the tax lost exceeds funds available in the county conservation account. Any prior year
135.27 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue
135.28 shall review the certifications to determine their accuracy. The commissioner may make
135.29 the changes in the certification that are considered necessary or return a certification to the
135.30 county auditor for corrections. The commissioner shall reimburse each taxing district, other
135.31 than school districts, from the Minnesota conservation fund under section 40A.151 for the
135.32 taxes lost in excess of the county account. The payments must be made at the time provided

136.1 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion
136.2 that the ad valorem tax is distributed.

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

136.4 Sec. 16. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

136.5 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a
136.6 geographic area for which:

136.7 (1)(i) the president of the United States, the secretary of agriculture, or the administrator
136.8 of the Small Business Administration has determined that a disaster exists pursuant to federal
136.9 law, or

136.10 (ii) a local emergency has been declared pursuant to section 12.29; and

136.11 (2) an application by the local unit of government requesting property tax relief under
136.12 this section has been received by the governor and approved by the executive council.

136.13 (b) The executive council must not approve an application unless:

136.14 (1) a completed disaster survey is included; and

136.15 (2) within the boundaries of the applicant, (i) the average damage for the buildings that
136.16 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,
136.17 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent
136.18 of the total taxable market value of buildings for the applicant as reported to the commissioner
136.19 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the
136.20 assessment in the year prior to the year of the damage.

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

136.22 Sec. 17. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

136.23 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park
136.24 is owned by a corporation or association organized under chapter 308A or 308B, and each
136.25 person who owns a share or shares in the corporation or association is entitled to occupy a
136.26 lot within the park, the corporation or association may claim homestead treatment for the
136.27 park. Each lot must be designated by legal description or number, and each lot is limited to
136.28 not more than one-half acre of land.

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

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

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

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

137.11 (d) "Homestead treatment" under this subdivision means the classification rate provided
137.12 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause
137.13 (5), item (ii), and the homestead market value exclusion under section 273.13, subdivision
137.14 35, does not apply and the property taxes assessed against the park shall not be included in
137.15 the determination of taxes payable for rent paid under section 290A.03.

137.16 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable
137.17 in 2020.

137.18 Sec. 18. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

138.20 (5) neither the owner nor the person actively farming the agricultural property lives
138.21 farther than four townships or cities, or a combination of four townships or cities, from the
138.22 agricultural property, except that if the owner or the owner's spouse is required to live in
138.23 employer-provided housing, the owner or owner's spouse, whichever is actively farming
138.24 the agricultural property, may live more than four townships or cities, or combination of
138.25 four townships or cities from the agricultural property.

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

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

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

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

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

139.11 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
139.12 holding a vested remainder interest in it must be classified as a homestead under section
139.13 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
139.14 dwellings on the land used for purposes of a homestead by persons holding vested remainder
139.15 interests who are actively engaged in farming the property, and up to one acre of the land
139.16 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
139.17 must also be assessed class 2a.

139.18 (e) Agricultural land and buildings that were class 2a homestead property under section
139.19 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
139.20 agricultural homesteads for subsequent assessments if:

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

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

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

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

139.30 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
139.31 and the owner furnishes the assessor any information deemed necessary by the assessor in
139.32 verifying the change in dwelling. Further notifications to the assessor are not required if the

140.1 property continues to meet all the requirements in this paragraph and any dwellings on the
140.2 agricultural land remain uninhabited.

140.3 (f) Agricultural land and buildings that were class 2a homestead property under section
140.4 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
140.5 agricultural homesteads for subsequent assessments if:

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

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

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

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

140.14 (5) the owner notifies the county assessor that the relocation was due to a March 29,
140.15 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
140.16 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
140.17 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
140.18 are not required if the property continues to meet all the requirements in this paragraph and
140.19 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

141.26 (i) Agricultural land and buildings that were class 2a homestead property under section
141.27 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
141.28 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

142.11 (j) Agricultural land and buildings that were class 2a homestead property under section
142.12 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
142.13 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

142.27 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in
142.28 2020.

142.29 Sec. 19. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

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

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

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

143.6 (c) A family farm corporation, joint farm venture, limited liability company, or partnership
143.7 operating a family farm in which the grantor or the grantor's surviving spouse is a
143.8 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,
143.9 or partner of the corporation, joint farm venture, limited liability company, or partnership
143.10 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,
143.11 including undivided government lots and correctional 40's, and a shareholder, member, or
143.12 partner of the tenant-entity is actively farming the property on behalf of the corporation,
143.13 joint farm venture, limited liability company, or partnership.

143.14 (d) A person who has received homestead classification for property taxes payable in
143.15 2000 on the basis of an unqualified legal right under the terms of the trust agreement to
143.16 occupy the property as that person's homestead and who continues to use the property as a
143.17 homestead; or, a person who received the homestead classification for taxes payable in 2005
143.18 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or
143.19 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable
143.20 in 2005.

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

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

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

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

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

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

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

144.4 (g) Noncontiguous agricultural land is included as part of a homestead under this
144.5 subdivision, only if the homestead is classified as class 2a, as defined in section 273.13,
144.6 subdivision 23, and the detached land is located in the same township or city, or not farther
144.7 than four townships or cities or combination thereof from the homestead. Any taxpayer of
144.8 these noncontiguous lands must notify the county assessor that the noncontiguous land is
144.9 part of the taxpayer's homestead, and, if the homestead is located in another county, the
144.10 taxpayer must also notify the assessor of the other county.

144.11 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in
144.12 2020.

144.13 Sec. 20. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision
144.14 to read:

144.15 Subd. 23. **Fractional homesteads.** In the case of property that is classified as part
144.16 homestead and part nonhomestead solely because not all the owners occupy or farm the
144.17 property, not all the owners have qualifying relatives occupying or farming the property,
144.18 or not all the spouses of owners occupy the property, the portions of property classified as
144.19 part homestead and part nonhomestead must correspond to the ownership percentages that
144.20 each owner has in the property, as determined by the land records in the county recorder's
144.21 office or registrar of titles. If the ownership percentages of each owner cannot be determined
144.22 by reference to the land records, the portions of property classified as part homestead and
144.23 part nonhomestead must correspond to the ownership percentages each owner would have
144.24 if they each owned an equal share of the property.

144.25 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

144.26 Sec. 21. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

144.27 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to
144.28 the commissioner of revenue as provided by law. The assessor shall also disclose all or
144.29 portions of the data described in subdivision 1 to:

144.30 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture
144.31 Act to recover personal property taxes owing; and

145.1 (2) the county veterans service officer for the purpose of determining a person's eligibility
145.2 for the disabled veteran's homestead market value exclusion under section 273.13, subdivision
145.3 34.

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

145.5 Sec. 22. **[273.129] ELDERLY LIVING FACILITY DEFERRAL.**

145.6 Subdivision 1. **Requirements.** An elderly living facility is eligible for tax deferral
145.7 under this section if it meets all of the following requirements:

145.8 (1) the facility is located in a city of the first class with a population of fewer than
145.9 110,000;

145.10 (2) the facility is owned and operated by a nonprofit organization organized under section
145.11 501(c)(3) of the Internal Revenue Code;

145.12 (3) construction of the facility was completed between January 1, 1963, and January 1,
145.13 1964;

145.14 (4) the facility has a housing with services license under chapter 144D and a
145.15 comprehensive home care license under chapter 144A;

145.16 (5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

145.17 (6) at least 30 percent of the units in the facility are occupied by persons whose annual
145.18 income does not exceed 50 percent of the median family income for the area.

145.19 Subd. 2. **Deferral of taxes.** Property meeting the requirements of subdivision 1 must,
145.20 upon timely application by the owner in the manner provided in subdivision 3, be treated
145.21 as exempt property as defined in section 272.02. However, the assessor must make a separate
145.22 determination of market value of such property and the tax based upon the appropriate tax
145.23 rate applicable to such property in the taxing district must be recorded on the property
145.24 assessment records.

145.25 Subd. 3. **Application.** Application for the deferral of taxes under this section must be
145.26 filed by December 1 of the year prior to the year in which the taxes are payable. Any
145.27 application filed under this subdivision and granted shall continue in effect for subsequent
145.28 years until the property no longer qualifies. The application must be filed with the assessor
145.29 in the taxing district in which the property is located on the form prescribed by the
145.30 commissioner of revenue. Property meeting the application requirements under this
145.31 subdivision is not subject to the application requirements under section 272.025.

146.1 Subd. 4. **Payment of taxes.** Property receiving the tax deferral under this section
146.2 continues to qualify until it is sold, transferred, or no longer qualifies under subdivision 1.
146.3 The portion of the property that is sold, transferred, or no longer qualifying under subdivision
146.4 1 is subject to taxes in the amount equal to the tax that would have been due on the property
146.5 had it not been treated as exempt property under subdivision 2. These taxes must be extended
146.6 against the property for taxes payable in the current year, plus the four prior years, to the
146.7 extent that the property has qualified for a tax deferral under this section. No interest or
146.8 penalties shall be levied on the taxes due under this subdivision if timely paid.

146.9 Subd. 5. **Lien.** The taxes imposed by this section are a lien upon the property assessed
146.10 to the same extent and for the same duration as other taxes imposed on the property in this
146.11 state. The tax shall be annually extended by the county auditor and if and when payable
146.12 shall be collected and distributed in the manner provided by law for the collection and
146.13 distribution of other property taxes.

146.14 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
146.15 in 2020.

146.16 Sec. 23. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

146.17 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
146.18 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
146.19 2a land under the same ownership. The market value of the house and garage and immediately
146.20 surrounding one acre of land has the same classification rates as class 1a or 1b property
146.21 under subdivision 22. The value of the remaining land including improvements up to the
146.22 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
146.23 percent of market value. The remaining property over the first tier has a classification rate
146.24 of one percent of market value. For purposes of this subdivision, the "first tier valuation
146.25 limit of agricultural homestead property" and "first tier" means the limit certified under
146.26 section 273.11, subdivision 23.

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

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

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

147.13 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
147.14 acres statewide per taxpayer that is being managed under a forest management plan that
147.15 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource
147.16 management incentive program. It has a classification rate of .65 percent, provided that the
147.17 owner of the property must apply to the assessor in order for the property to initially qualify
147.18 for the reduced rate and provide the information required by the assessor to verify that the
147.19 property qualifies for the reduced rate. If the assessor receives the application and information
147.20 before May 1 in an assessment year, the property qualifies beginning with that assessment
147.21 year. If the assessor receives the application and information after April 30 in an assessment
147.22 year, the property may not qualify until the next assessment year. The commissioner of
147.23 natural resources must concur that the land is qualified. The commissioner of natural
147.24 resources shall annually provide county assessors verification information on a timely basis.
147.25 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
147.26 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

147.33 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
147.34 storage of agricultural products for sale, or the storage of machinery or equipment used in

148.1 support of agricultural production by the same farm entity. For a property to be classified
148.2 as agricultural based only on the drying or storage of agricultural products, the products
148.3 being dried or stored must have been produced by the same farm entity as the entity operating
148.4 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local
148.5 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
148.6 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
148.7 or a similar state or federal conservation program if the property was classified as agricultural
148.8 ~~(i)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a
148.9 qualifying program and the land remains enrolled or ~~(ii)~~ (B) in the year prior to its enrollment,
148.10 or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer
148.11 strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion.
148.12 For purposes of this section, a "local conservation program" means a program administered
148.13 by a town, statutory or home rule charter city, or county, including a watershed district,
148.14 water management organization, or soil and water conservation district, in which landowners
148.15 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
148.16 exchange for use or other restrictions placed on the land. In order for property to qualify
148.17 under the local conservation program provision, a taxpayer must apply to the assessor by
148.18 February 1 of the assessment year and must submit the information required by the assessor,
148.19 including but not limited to a copy of the program requirements, the specific agreement
148.20 between the land owner and the local agency, if applicable, and a map of the conservation
148.21 area. Agricultural classification shall not be based upon the market value of any residential
148.22 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

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

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

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

149.12 Classification under this subdivision is not determinative for qualifying under section
149.13 273.111.

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

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

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

149.22 (2) aquacultural products for sale and consumption, as defined under section 17.47, if
149.23 the aquaculture occurs on land zoned for agricultural use;

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

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

149.29 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
149.30 97A.105, provided that the annual licensing report to the Department of Natural Resources,
149.31 which must be submitted annually by March 30 to the assessor, indicates that at least 500
149.32 birds were raised or used for breeding stock on the property during the preceding year and

150.1 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
150.2 shooting preserve licensed under section 97A.115;

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

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

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

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

150.10 (1) wholesale and retail sales;

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

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

150.13 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
150.14 (3),

150.15 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,
150.16 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

150.17 The grading, sorting, and packaging of raw agricultural products for first sale is considered
150.18 an agricultural purpose. A greenhouse or other building where horticultural or nursery
150.19 products are grown that is also used for the conduct of retail sales must be classified as
150.20 agricultural if it is primarily used for the growing of horticultural or nursery products from
150.21 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.
150.22 Use of a greenhouse or building only for the display of already grown horticultural or nursery
150.23 products does not qualify as an agricultural purpose.

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

150.28 (l) Class 2d airport landing area consists of a landing area or public access area of a
150.29 privately owned public use airport. It has a classification rate of one percent of market value.
150.30 To qualify for classification under this paragraph, a privately owned public use airport must
150.31 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing
150.32 area" means that part of a privately owned public use airport properly cleared, regularly

151.1 maintained, and made available to the public for use by aircraft and includes runways,
151.2 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing
151.3 area also includes land underlying both the primary surface and the approach surfaces that
151.4 comply with all of the following:

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

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

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

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

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

151.23 (1) a legal description of the property;

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

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

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

151.32 For purposes of this section and section 273.1115, "commercial aggregate deposit"
151.33 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as

152.1 a construction aggregate; and "actively mined" means the removal of top soil and overburden
152.2 in preparation for excavation or excavation of a commercial deposit.

152.3 (n) When any portion of the property under this subdivision or subdivision 22 begins to
152.4 be actively mined, the owner must file a supplemental affidavit within 60 days from the
152.5 day any aggregate is removed stating the number of acres of the property that is actively
152.6 being mined. The acres actively being mined must be (1) valued and classified under
152.7 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
152.8 resource preservation property tax program under section 273.1115, if the land was enrolled
152.9 in that program. Copies of the original affidavit and all supplemental affidavits must be
152.10 filed with the county assessor, the local zoning administrator, and the Department of Natural
152.11 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
152.12 time a subsequent portion of the property is actively mined, provided that the minimum
152.13 acreage change is five acres, even if the actual mining activity constitutes less than five
152.14 acres.

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

152.18 **EFFECTIVE DATE.** This section is effective for assessment year 2019 and thereafter.

152.19 Sec. 24. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

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

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

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

152.32 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause
152.33 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds

153.1 the legal or beneficial title to the homestead and permanently resides there, the exclusion
153.2 shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and~~
153.3 ~~for eight additional taxes payable years~~ or until such time as the spouse remarries, or sells,
153.4 transfers, or otherwise disposes of the property, ~~whichever comes first~~ except as otherwise
153.5 provided in paragraph (n). Qualification under this paragraph requires an application under
153.6 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
153.7 marital status, ownership of the property, or use of the property as a permanent residence.

153.8 (d) If the spouse of a member of any branch or unit of the United States armed forces
153.9 who dies due to a service-connected cause while serving honorably in active service, as
153.10 indicated on United States Government Form DD1300 or DD2064, holds the legal or
153.11 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
153.12 benefit described in paragraph (b), clause (2), ~~for eight taxes payable years, or~~ until such
153.13 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
153.14 ~~whichever comes first~~ except as otherwise provided in paragraph (n).

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

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

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

153.25 (h) To qualify for a valuation exclusion under this subdivision a property owner must
153.26 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the
153.27 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion
153.28 shall become effective for the following assessment year. Except as provided in paragraph
153.29 (c), the owner of a property that has been accepted for a valuation exclusion must notify
153.30 the assessor if there is a change in ownership of the property or in the use of the property
153.31 as a homestead. When a property qualifying for a market value exclusion under this
153.32 subdivision is sold or transferred, the exclusion must be removed for the current assessment
153.33 year, provided that the new owner may file a claim for an exclusion if eligible.

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

154.3 (j) For purposes of this subdivision:

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

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

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

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

154.11 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
154.12 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
154.13 under paragraph (b), clause (2), ~~for eight taxes payable years or~~ until the spouse remarries
154.14 or sells, transfers, or otherwise disposes of the property, except as otherwise provided in
154.15 paragraph (n), if:

154.16 (1) the spouse files a first-time application within two years of the death of the service
154.17 member or by June 1, 2019, whichever is later;

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

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

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

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

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

154.25 (l) The purpose of this provision of law providing a level of homestead property tax
154.26 relief for gravely disabled veterans, their primary family caregivers, and their surviving
154.27 spouses is to help ease the burdens of war for those among our state's citizens who bear
154.28 those burdens most heavily.

154.29 (m) By July 1 for current enrollees and by December 15 for new applications, the county
154.30 veterans service officer must certify the disability rating and permanent address of each
154.31 veteran receiving the benefit under paragraph (b) to the assessor.

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

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

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

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

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

155.15 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2019, for
155.16 taxes payable in 2020.

155.17 Sec. 25. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

155.18 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
155.19 net tax capacity under this section, property classified as class 1a or 1b under subdivision
155.20 22, and the portion of property classified as class 2a under subdivision 23 consisting of the
155.21 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion
155.22 as determined under paragraph (b).

155.23 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market
155.24 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400
155.25 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or
155.26 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest
155.27 whole dollar, and may not be less than zero.

155.28 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
155.29 to determining the amount of the valuation exclusion under this subdivision.

155.30 (d) In the case of a property that is classified as part homestead and part nonhomestead,
155.31 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion
155.32 of a property is classified as nonhomestead solely because not all the owners occupy the

156.1 property, not all the owners have qualifying relatives occupying the property, or solely
156.2 because not all the spouses of owners occupy the property, the exclusion amount shall be
156.3 initially computed as if that nonhomestead portion were also in the homestead class and
156.4 then prorated to the owner-occupant's percentage of ownership, as determined by the land
156.5 records in the county recorder's office or registrar of titles. If ownership percentages of each
156.6 owner cannot be determined by reference to the land records, the ownership percentages
156.7 must be determined as if each owner owned an equal share of the property. For the purpose
156.8 of this section, when an owner-occupant's spouse does not occupy the property, the
156.9 percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership
156.10 percentage.

156.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

156.12 Sec. 26. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

156.13 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall
156.14 determine, not later than April 1 of each year, the amount of reduction resulting from section
156.15 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph
156.16 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~
156.17 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section
156.18 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~
156.19 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall
156.20 submit to the St. Louis County auditor, on or before April 15, the amount of the first half
156.21 payment payable hereunder and on or before September 15 the amount of the second half
156.22 payment.

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

156.24 Sec. 27. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

156.25 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural
156.26 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural
156.27 credit. The credit is computed using the property's agricultural credit market value, defined
156.28 for this purpose as the property's market value excluding the market value of the house,
156.29 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of
156.30 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the
156.31 property's agricultural credit market value in excess of \$115,000, subject to a maximum
156.32 credit of \$490. In the case of property that is classified as part homestead and part
156.33 nonhomestead solely because not all the owners occupy or farm the property, not all the

157.1 owners have qualifying relatives occupying or farming the property, or solely because not
157.2 all the spouses of owners occupy the property, the credit is computed on the amount of
157.3 agricultural credit market value corresponding to the owner-occupant's percentage of
157.4 ~~homestead. the percentage of homestead is equal to 100 divided by the number of owners~~
157.5 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~
157.6 ~~property~~ ownership, as determined by the land records in the county recorder's office or
157.7 registrar of titles. If ownership percentages of each owner cannot be determined by reference
157.8 to the land records, the ownership percentages must be determined as if each owner owned
157.9 an equal share of the property.

157.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

157.11 Sec. 28. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

157.12 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
157.13 allowed under subdivision 2 within the county for each taxes payable year and shall certify
157.14 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
157.15 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause
157.16 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The
157.17 commissioner shall review the certifications for accuracy, and may make such changes as
157.18 are deemed necessary, or return the certification to the county auditor for correction. The
157.19 credit under this section must be used to proportionately reduce the net tax capacity-based
157.20 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

157.22 Sec. 29. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

157.23 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
157.24 allowed under this section within the county for each taxes payable year and shall certify
157.25 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
157.26 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year
157.27 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall
157.28 review the certifications for accuracy, and may make such changes as are deemed necessary,
157.29 or return the certification to the county auditor for correction. The credit under this section
157.30 must be used to reduce the school district net tax capacity-based property tax as provided
157.31 in section 273.1393.

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

158.1 Sec. 30. Minnesota Statutes 2018, section 273.18, is amended to read:

158.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
158.3 **BY COUNTY AUDITORS.**

158.4 (a) In every sixth year after the year 2010, the county auditor shall enter the description
158.5 of each tract of real property exempt by law from taxation, with the name of the owner, and
158.6 the assessor shall value and assess the same in the same manner that other real property is
158.7 valued and assessed, and shall designate in each case the purpose for which the property is
158.8 used.

158.9 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~
158.10 ~~7, The county auditor shall include on the abstract of assessment of exempt real property~~
158.11 ~~filed under this section~~ in the exempt property information that the commissioner may
158.12 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all
158.13 natural resources lands for which in lieu payments are made under sections 477A.11 to
158.14 477A.14. The assessor shall estimate its market value, provided that if the assessor is not
158.15 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish
158.16 the commissioner of revenue with an estimate of the average value per acre of this land
158.17 within the county.

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

158.19 Sec. 31. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

158.20 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,
158.21 transportation, and pipeline company doing business in Minnesota shall annually file with
158.22 the commissioner on or before March 31 a report under oath setting forth the information
158.23 prescribed by the commissioner to enable the commissioner to make valuations,
158.24 recommended valuations, and equalization required under sections 273.33, 273.35, 273.36,
158.25 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner
158.26 of the report pursuant to section 270C.30, except that for cooperative associations defined
158.27 in section 273.40, the information provided in the report must be aggregated to the unique
158.28 taxing jurisdiction level and exclude information related to property subject to the in-lieu
158.29 tax under section 273.41, and that a "law administered by the commissioner" includes the
158.30 property tax laws. If all the required information is not available on March 31, the company
158.31 shall file the information that is available on or before March 31, and the balance of the
158.32 information as soon as it becomes available. If a report is made by electronic means, the
158.33 taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered
158.34 by the commissioner" includes the property tax laws. For purposes of this subdivision,

159.1 "unique taxing jurisdiction" means the geographic area subject to the same set of local tax
159.2 rates.

159.3 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

159.4 Sec. 32. Minnesota Statutes 2018, section 274.14, is amended to read:

159.5 **274.14 LENGTH OF SESSION; RECORD.**

159.6 The board must meet after the second Friday in June on at least one meeting day and
159.7 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained
159.8 on the valuation notices mailed to each property owner in the county as provided in section
159.9 273.121. For this purpose, "meeting days" is defined as any day of the week excluding
159.10 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken
159.11 by the county board of review after June 30 is valid, except for corrections permitted in
159.12 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the
159.13 proceedings and orders of the board. The record must be published like other proceedings
159.14 of county commissioners. A copy of the published record must be sent to the commissioner
159.15 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days
159.16 following final action of the county board of equalization.

159.17 For counties that conduct either regular board of review meetings or open book meetings,
159.18 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.
159.19 For counties that require taxpayer appointments for the board of review, appointments must
159.20 include some available times that extend until at least 7:00 p.m. The county may have a
159.21 Saturday meeting in lieu of, or in addition to, the extended meeting times under this
159.22 paragraph.

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

159.24 Sec. 33. Minnesota Statutes 2018, section 274.16, is amended to read:

159.25 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

159.26 The county assessor or, in Ramsey County, the official designated by the board of county
159.27 commissioners shall calculate the changes of the assessment lists determined by the county
159.28 board of equalization, and make corrections accordingly, in the real or personal lists, or
159.29 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's
159.30 office, and one must be forwarded to the commissioner of revenue as provided in section
159.31 270C.89.

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

160.1 Sec. 34. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

160.2 Subdivision 1. **Levy amount.** The state general levy is levied against
160.3 commercial-industrial property and seasonal residential recreational property, as defined
160.4 in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~₂
160.5 for taxes payable in ~~2018~~ 2020 and thereafter, 42.416 percent times the total
160.6 commercial-industrial tax capacity as assessed in the previous year. The state general levy
160.7 for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter.
160.8 The tax under this section is not treated as a local tax rate under section 469.177 and is not
160.9 the levy of a governmental unit under chapters 276A and 473F.

160.10 The commissioner shall increase or decrease the preliminary or final rate for a year as
160.11 necessary to account for errors and tax base changes that affected a preliminary or final rate
160.12 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
160.13 information is available to the commissioner at the time the rates for a year must be certified,
160.14 and for the following reasons:

160.15 (1) an erroneous report of taxable value by a local official;

160.16 (2) an erroneous calculation by the commissioner; and

160.17 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
160.18 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~
160.19 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~
160.20 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

160.21 The commissioner may, but need not, make adjustments if the total difference in the tax
160.22 levied for the year would be less than \$100,000.

160.23 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
160.24 in 2020, except the amendments to clause (3) are effective the day following final enactment.

160.25 Sec. 35. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

160.26 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the
160.27 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the
160.28 commissioner of revenue such information relating to such sale, on such forms as the
160.29 commissioner of revenue may prescribe as will enable the commissioner of revenue to
160.30 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is
160.31 on terms; and not later than October 31 of each year the county auditor shall submit to the
160.32 commissioner of revenue a statement of all instances wherein any payment of principal,
160.33 interest, or current taxes on lands held under certificate, due or to be paid during the preceding

161.1 calendar years, are still outstanding at the time such certificate is made. When such statement
161.2 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue
161.3 may instruct the county board of the county in which the land is located to cancel said
161.4 certificate of sale in the manner provided by subdivision 5, provided that upon
161.5 recommendation of the county board, and where the circumstances are such that the
161.6 commissioner of revenue after investigation is satisfied that the purchaser has made every
161.7 effort reasonable to make payment of both the annual installment and said taxes, and that
161.8 there has been no willful neglect on the part of the purchaser in meeting these obligations,
161.9 then the commissioner of revenue may extend the time for the payment for such period as
161.10 the commissioner may deem warranted, not to exceed one year. On payment in full of the
161.11 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the
161.12 attorney general, shall be issued by the commissioner of revenue, which conveyance must
161.13 be recorded by the county and shall have the force and effect of a patent from the state
161.14 subject to easements and restrictions of record at the date of the tax judgment sale, including,
161.15 but without limitation, permits for telephone and electric power lines either by underground
161.16 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for
161.17 gas, liquids, or solids in suspension.

161.18 (b) The commissioner of revenue shall issue an appropriate conveyance in fee when
161.19 approval from the county auditor is given based upon written confirmation from a licensed
161.20 closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes
161.21 of this paragraph, "written confirmation" means a written commitment or approval that the
161.22 funding for the conveyance is held in an escrow account available for disbursement upon
161.23 delivery of a conveyance. The county recorder or registrar of titles must not record or file
161.24 a conveyance issued under this paragraph unless the conveyance contains a certification
161.25 signed by the county auditor where the land is located stating that the recorder or registrar
161.26 of titles can accept the conveyance for recording or filing. The conveyance issued by the
161.27 commissioner of revenue shall not be effective as a conveyance until it is recorded. The
161.28 conveyance shall be issued to the county auditor where the land is located. Upon receipt of
161.29 the conveyance, the county auditor shall hold the conveyance until the conveyance is
161.30 requested from a licensed closing agent, title insurer, or title insurance agent to settle and
161.31 close on the conveyance. If a request for the conveyance is not made within 30 days of the
161.32 date the conveyance is issued by the commissioner of revenue, the county auditor shall
161.33 return the conveyance to the commissioner. If the conveyance is delivered to the licensed
161.34 closing agent, title insurer, or title insurance agent and the closing does not occur within
161.35 ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall
161.36 immediately return the conveyance to the county auditor and, upon receipt, the county

162.1 auditor shall return the conveyance to the commissioner of revenue. The commissioner of
162.2 revenue shall cancel and destroy all conveyances returned by the county auditor pursuant
162.3 to this subdivision. The licensed closing agent, title insurer, or title insurance agent must
162.4 promptly record the conveyance after the closing and must deliver an attested or certified
162.5 copy to the county auditor and to the grantee or grantees named on the conveyance.

162.6 **EFFECTIVE DATE.** This section is effective for conveyances issued by the
162.7 commissioner of revenue after December 31, 2019.

162.8 Sec. 36. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

162.9 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument
162.10 by which any real property in this state is granted, assigned, transferred, or otherwise
162.11 conveyed. The tax applies against the net consideration. For purposes of the tax, the
162.12 conversion of a corporation to a limited liability company, a limited liability company to a
162.13 corporation, a partnership to a limited partnership, a limited partnership to another limited
162.14 partnership or other entity, or a similar conversion of one entity to another does not grant,
162.15 assign, transfer, or convey real property.

162.16 (b) The tax is determined in the following manner: (1) when transfers are made by
162.17 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is
162.18 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value
162.19 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,
162.20 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or
162.21 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net
162.22 consideration.

162.23 (c) If, within six months from the date of a designated transfer, an ownership interest in
162.24 the grantee entity is transferred by an initial owner to any person or entity with the result
162.25 that the designated transfer would not have been a designated transfer if made to the grantee
162.26 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration
162.27 for the designated transfer. If the subsequent transfer of ownership interests was reasonably
162.28 expected at the time of the designated transfer, the applicable penalty under section 287.31,
162.29 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30
162.30 days of the subsequent transfer that caused the tax to be imposed under this paragraph.
162.31 Involuntary transfers of ownership shall not be considered transfers of ownership under this
162.32 paragraph. The commissioner may adopt rules defining the types of transfers to be considered
162.33 involuntary.

163.1 (d) The tax is due at the time a taxable deed or instrument is presented for recording,
163.2 except as provided in paragraph (c). The commissioner may require the tax to be documented
163.3 in a manner prescribed by the commissioner, and may require that the documentation be
163.4 attached to and recorded as part of the deed or instrument. The county recorder or registrar
163.5 of titles shall accept the attachment for recording as part of the deed or instrument and may
163.6 not require, as a condition of recording a deed or instrument, evidence that a transfer is a
163.7 designated transfer in addition to that required by the commissioner. Such an attachment
163.8 shall not, however, provide actual or constructive notice of the information contained therein
163.9 for purposes of determining any interest in the real property. The commissioner shall
163.10 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require
163.11 grantees of designated transfers to file with the commissioner subsequent statements verifying
163.12 that the tax provided under paragraph (c) does not apply.

163.13 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,
163.14 2019.

163.15 Sec. 37. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

163.16 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
163.17 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
163.18 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
163.19 and any other state paid property tax credits in any calendar year, and after any refund
163.20 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the
163.21 year that the property tax is payable. In the case of a claimant who makes ground lease
163.22 payments, "property taxes payable" includes the amount of the payments directly attributable
163.23 to the property taxes assessed against the parcel on which the house is located. Regardless
163.24 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes
163.25 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead
163.26 for a business purpose if the claimant deducts any business depreciation expenses for the
163.27 use of a portion of the homestead or deducts expenses under section 280A of the Internal
163.28 Revenue Code for a business operated in the claimant's homestead. For homesteads which
163.29 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~
163.30 ~~which are~~ including manufactured homes located in a manufactured home community owned
163.31 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as
163.32 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall
163.33 also include 17 percent of the gross rent paid in the preceding year for the site on which the
163.34 homestead is located. When a homestead is owned by two or more persons as joint tenants
163.35 or tenants in common, such tenants shall determine between them which tenant may claim

164.1 the property taxes payable on the homestead. If they are unable to agree, the matter shall
164.2 be referred to the commissioner of revenue whose decision shall be final. Property taxes
164.3 are considered payable in the year prescribed by law for payment of the taxes.

164.4 In the case of a claim relating to "property taxes payable," the claimant must have owned
164.5 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the
164.6 property must have been classified as homestead property pursuant to section 273.124, on
164.7 or before December 15 of the assessment year to which the "property taxes payable" relate;
164.8 or (ii) the claimant must provide documentation from the local assessor that application for
164.9 homestead classification has been made on or before December 15 of the year in which the
164.10 "property taxes payable" were payable and that the assessor has approved the application.

164.11 **EFFECTIVE DATE.** This section is effective beginning with claims for tax payable
164.12 in 2020.

164.13 Sec. 38. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

164.14 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications
164.15 under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes.
164.16 Applications are due on or before ~~July~~ November 1 for deferral of any of the following
164.17 year's property taxes. A taxpayer may request an early notification of approval or denial at
164.18 any time. The commissioner must notify a taxpayer in writing of the reasons for an
164.19 application denial and that the application may be amended and resubmitted by the due date
164.20 specified in this subdivision. A taxpayer may apply in the year in which the taxpayer becomes
164.21 65 years old, provided that no deferral of property taxes will be made until the calendar
164.22 year after the taxpayer becomes 65 years old. The application, which shall be prescribed
164.23 by the commissioner of revenue, shall include the following items and any other information
164.24 which the commissioner deems necessary:

164.25 (1) the name, address, and Social Security number of the owner or owners;

164.26 (2) a copy of the property tax statement for the current payable year for the homesteaded
164.27 property;

164.28 (3) the initial year of ownership and occupancy as a homestead;

164.29 (4) the owner's household income for the previous calendar year; and

164.30 (5) information on any mortgage loans or other amounts secured by mortgages or other
164.31 liens against the property, for which purpose the commissioner may require the applicant
164.32 to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing
164.33 on the mortgage loan provided by the mortgage holder. The commissioner may require the

165.1 appropriate documents in connection with obtaining and confirming information on unpaid
165.2 amounts secured by other liens.

165.3 The application must state that program participation is voluntary. The application must
165.4 also state that the deferred amount depends directly on the applicant's household income,
165.5 and that program participation includes authorization for the annual deferred amount, the
165.6 cumulative deferral and interest that appear on each year's notice prepared by the county
165.7 under subdivision 6, is public data.

165.8 The application must state that program participants may claim the property tax refund
165.9 based on the full amount of property taxes eligible for the refund, including any deferred
165.10 amounts. The application must also state that property tax refunds will be used to offset any
165.11 deferral and interest under this program, and that any other amounts subject to revenue
165.12 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and
165.13 interest under this program.

165.14 (b) If an application is denied, the applicant must be allowed to correct and resubmit the
165.15 denied application within 90 days of the application deadline. The submission date of the
165.16 resubmitted application is considered to be the same as the submission date of the original
165.17 application.

165.18 ~~(b)~~ (c) As part of the initial application process, the commissioner may require the
165.19 applicant to obtain at the applicant's own cost and submit:

165.20 (1) if the property is registered property under chapter 508 or 508A, a copy of the original
165.21 certificate of title in the possession of the county registrar of titles (sometimes referred to
165.22 as "condition of register"); ~~or~~

165.23 (2) if the property is abstract property, a report prepared by a licensed abstracter showing
165.24 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien
165.25 notices which were recorded on or after the date of that last deed with respect to the property
165.26 or to the applicant; or

165.27 (3) a copy of a court order transferring title to the applicant as described in paragraph
165.28 (d).

165.29 The certificate or report under clauses (1) and (2) need not include references to any
165.30 documents filed or recorded more than 40 years prior to the date of the certification or report.
165.31 The certification or report must be as of a date not more than 30 days prior to submission
165.32 of the application.

166.1 The commissioner may also require the county recorder or county registrar of the county
166.2 where the property is located to provide copies of recorded documents related to the applicant
166.3 or the property, for which the recorder or registrar shall not charge a fee. The commissioner
166.4 may use any information available to determine or verify eligibility under this section. The
166.5 household income from the application is private data on individuals as defined in section
166.6 13.02, subdivision 12.

166.7 (d) For purposes of this section, a copy of a court order transferring title of real property
166.8 to the applicant is sufficient to demonstrate that title is held by the applicant.

166.9 **EFFECTIVE DATE.** This section is effective beginning with applications submitted
166.10 in 2019, except that paragraphs (b), (c), clause (3), and (d) are effective the day following
166.11 final enactment and apply to applications resubmitted on or after that date.

166.12 Sec. 39. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

166.13 Subdivision 1. **Determination; payment.** The county auditor shall determine the total
166.14 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~
166.15 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~
166.16 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).
166.17 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The
166.18 commissioner of revenue, after such review, shall pay the deferred amount of property tax
166.19 to each county treasurer on or before August 31.

166.20 The county treasurer shall distribute as part of the October settlement the funds received
166.21 as if they had been collected as a part of the property tax.

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

166.23 Sec. 40. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

166.24 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment
166.25 financing plan, the auditor of any county in which the district is situated shall, upon request
166.26 of the authority, certify the original net tax capacity of the tax increment financing district
166.27 and that portion of the district overlying any subdistrict as described in the tax increment
166.28 financing plan and shall certify in each year thereafter the amount by which the original net
166.29 tax capacity has increased or decreased as a result of a change in tax exempt status of
166.30 property within the district and any subdistrict, reduction or enlargement of the district or
166.31 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after

167.1 receipt of the request and sufficient information to identify the parcels included in the district.

167.2 The certification relates to the taxes payable year as provided in subdivision 6.

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

167.7 (c) The amount to be added to the original net tax capacity of the district as a result of
167.8 previously tax exempt real property within the district becoming taxable equals the net tax
167.9 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information
167.10 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that
167.11 assessment was made more than one year prior to the date of title transfer rendering the
167.12 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If
167.13 improvements are made to tax exempt property after the municipality approves the district
167.14 and before the parcel becomes taxable, the assessor shall, at the request of the authority,
167.15 separately assess the estimated market value of the improvements. If the property becomes
167.16 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the
167.17 parcel, excluding the separately assessed improvements. If substantial taxable improvements
167.18 were made to a parcel after certification of the district and if the property later becomes tax
167.19 exempt, in whole or part, as a result of the authority acquiring the property through
167.20 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result
167.21 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a
167.22 result of the property again becoming taxable is the amount of the parcel's value that was
167.23 included in original net tax capacity when the parcel was first certified. The amount to be
167.24 added to the original net tax capacity of the district as a result of enlargements equals the
167.25 net tax capacity of the added real property as most recently certified by the commissioner
167.26 of revenue as of the date of modification of the tax increment financing plan pursuant to
167.27 section 469.175, subdivision 4.

167.28 (d) If the net tax capacity of a property increases because the property no longer qualifies
167.29 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open
167.30 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,
167.31 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because
167.32 platted, unimproved property is improved or market value is increased after approval of the
167.33 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be
167.34 added to the original net tax capacity. If the net tax capacity of a property increases because
167.35 the property no longer qualifies for the homestead market value exclusion under section

168.1 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax
168.2 capacity if the original construction of the affected home was completed before the date the
168.3 assessor certified the original net tax capacity of the district.

168.4 (e) The amount to be subtracted from the original net tax capacity of the district as a
168.5 result of previously taxable real property within the district becoming tax exempt or
168.6 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
168.7 the geographic area of the district, shall be the amount of original net tax capacity initially
168.8 attributed to the property becoming tax exempt, being excluded from taxable market value,
168.9 or being removed from the district. If the net tax capacity of property located within the tax
168.10 increment financing district is reduced by reason of a court-ordered abatement, stipulation
168.11 agreement, voluntary abatement made by the assessor or auditor or by order of the
168.12 commissioner of revenue, the reduction shall be applied to the original net tax capacity of
168.13 the district when the property upon which the abatement is made has not been improved
168.14 since the date of certification of the district and to the captured net tax capacity of the district
168.15 in each year thereafter when the abatement relates to improvements made after the date of
168.16 certification. The county auditor may specify reasonable form and content of the request
168.17 for certification of the authority and any modification thereof pursuant to section 469.175,
168.18 subdivision 4.

168.19 (f) If a parcel of property contained a substandard building or improvements described
168.20 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if
168.21 the authority elects to treat the parcel as occupied by a substandard building under section
168.22 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,
168.23 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the
168.24 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated
168.25 market value of the parcel for the year in which the building or other improvements were
168.26 demolished or removed, but applying the classification rates for the current year.

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

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

169.1 Sec. 41. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

169.2 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~
169.3 the landowner ~~or~~ the authority, or a state agency or governmental unit initiates expiration
169.4 as provided in this section.

169.5 **EFFECTIVE DATE.** This section is effective the day following final enactment and
169.6 applies to any agricultural preserve where the previously required eight-year termination
169.7 period under Minnesota Statutes, section 473H.08, has not yet expired.

169.8 Sec. 42. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision
169.9 to read:

169.10 **Subd. 3a. Expiration for park and trail purposes.** (a) An agricultural preserve expires
169.11 immediately when a state agency or other governmental unit purchases the property or
169.12 obtains an easement over the property for the purpose of creating or expanding a public
169.13 trail or public park. This subdivision applies only to the portion of the agricultural preserve
169.14 acquired for trail or park purposes, and any portion of the property not acquired for trail or
169.15 park purposes shall remain an agricultural preserve regardless if the remaining total acreage
169.16 is below 40 acres.

169.17 (b) The acquiring state agency or governmental unit shall give notice to the authority as
169.18 provided in subdivision 4. The notice must specify the portion of the property being removed
169.19 from the agricultural preserve and the date on which that portion expires.

169.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
169.21 applies to any agricultural preserve where the previously required eight-year termination
169.22 period under Minnesota Statutes, section 473H.08, has not yet expired.

169.23 Sec. 43. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

169.24 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,
169.25 or upon notice served by the authority as provided in subdivision 3, the authority shall
169.26 forward the original notice to the county recorder for recording, or to the registrar of titles
169.27 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan
169.28 Council, and the county soil and water conservation district of the date of expiration.
169.29 Designation as an agricultural preserve and all benefits and limitations accruing through
169.30 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The
169.31 restrictive covenant contained in the application shall terminate on the date of expiration.

170.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
170.2 applies to any agricultural preserve where the previously required eight-year termination
170.3 period under Minnesota Statutes, section 473H.08, has not yet expired.

170.4 Sec. 44. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by
170.5 Laws 2013, chapter 143, article 4, section 35, is amended to read:

170.6 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,
170.7 and is repealed effective for taxes levied in ~~2018~~ 2024, payable in ~~2019~~ 2025, and thereafter.

170.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

170.9 Sec. 45. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws
170.10 2013, chapter 143, article 4, section 36, is amended to read:

170.11 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution
170.12 of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance
170.13 Special Taxing District for the purpose of providing fire or ambulance services, or both,
170.14 throughout the district. In this section, "municipality" means home rule charter and statutory
170.15 cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and
170.16 ambulance services of the municipalities that receive fire or ambulance services, or both,
170.17 from the district. Upon application, any other municipality may join the district with the
170.18 agreement of the municipalities that comprise the district at the time of its application to
170.19 join.

170.20 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
170.21 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
170.22 subdivision 3.

170.23 Sec. 46. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

170.24 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board
170.25 is governed by a board made up initially of one or more elected officials of the governing
170.26 body of each participating municipality in the proportions set out in the establishing
170.27 resolution, subject to change as provided in the district's charter, if any, or in the district's
170.28 bylaws. Each municipality's representatives serve at the pleasure of that municipality's
170.29 governing body.

170.30 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
170.31 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
170.32 subdivision 3.

171.1 Sec. 47. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws
171.2 2013, chapter 143, article 4, section 37, is amended to read:

171.3 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as
171.4 provided in this subdivision to pay the costs of providing fire or ambulance services, or
171.5 both, throughout the district. The board shall annually determine the total amount of the
171.6 levy that is attributable to the cost of providing fire services and the cost of providing
171.7 ambulance services within the primary service area. For those municipalities that only
171.8 receive ambulance services, the costs for the provision of ambulance services shall be levied
171.9 against taxable property within those municipalities at a rate necessary not to exceed 0.019
171.10 percent of the estimated market value. For those municipalities that receive both fire and
171.11 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent
171.12 of estimated market value. A property tax levied by the district to make debt service payments
171.13 for obligations issued by the district pursuant to subdivision 4 shall not be included when
171.14 calculating the tax levy limits imposed in this subdivision.

171.15 When a member municipality opts to receive fire service from the district or an additional
171.16 municipality becomes a member of the district, the cost of providing fire services to that
171.17 community shall be determined by the board and added to the maximum levy amount.

171.18 Each county auditor of a county that contains a municipality subject to the tax under
171.19 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.
171.20 The district may also impose other fees or charges as allowed by law for the provision of
171.21 fire and ambulance services.

171.22 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
171.23 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
171.24 subdivision 3.

171.25 Sec. 48. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

171.26 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for
171.27 in Minnesota Statutes, chapter 475, and the district shall be considered a municipality by
171.28 Minnesota Statutes, chapter 475, when necessary to accomplish its duties., as defined in
171.29 Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph
171.30 (c), and may issue certificates of indebtedness or capital notes in the manner provided for
171.31 a city under Minnesota Statutes, section 412.301, when necessary to accomplish its duties.
171.32 Any tax levied to pay debt of the district shall be levied in the amounts required and in
171.33 accordance with Minnesota Statutes, section 475.61. The debt service for debt, the proceeds
171.34 of which financed capital costs for ambulance service, shall be levied against taxable property

172.1 within those municipalities in the primary service area. The debt service for debt, the proceeds
172.2 of which financed capital costs for fire service, shall be levied against taxable property
172.3 within those municipalities receiving fire services.

172.4 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
172.5 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
172.6 subdivision 3.

172.7 Sec. 49. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

172.8 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district
172.9 may be given only in the month of January, with a minimum of twelve months notice of
172.10 intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision
172.11 3 in the year when the notice is given. A property tax levied by the district on taxable
172.12 property located in a withdrawing municipality to make debt service payments for obligations
172.13 issued by the district pursuant to subdivision 4 shall remain in effect until the obligations
172.14 outstanding on the date of withdrawal are satisfied, including any property tax levied in
172.15 connection with a refunding of such obligations. The district and its members may develop
172.16 and agree upon other continuing obligations after withdrawal of a municipality.

172.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area
172.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,
172.19 subdivision 3.

172.20 Sec. 50. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective
172.21 date, is amended to read:

172.22 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and
172.23 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under
172.24 item (iii) is effective retroactively for payments due under Minnesota Statutes, section
172.25 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive
172.26 payments, the following requirements must be met: (1) the owner of land exceeding 60,000
172.27 acres that is subject to a single conservation easement funded under Minnesota Statutes,
172.28 section 97A.056 or a comparable permanent easement conveyed to a governmental or
172.29 nonprofit entity, must submit an application to the commissioner of revenue, in a form and
172.30 manner and at a time acceptable to the commissioner, establishing that the affected property
172.31 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this
172.32 section; (2) the owner and each county in which the land is located must certify to the
172.33 commissioner that no petitions challenging the market value of the property are pending

173.1 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must
173.2 be satisfied by October 1, 2017. No interest accrues on payment under this section for
173.3 periods before November 1, 2017.

173.4 **EFFECTIVE DATE.** This section is effective retroactively for certifications made in
173.5 2018 and thereafter.

173.6 Sec. 51. **VALUATION METHOD OF STATE-ASSESSED PROPERTY; REPORT.**

173.7 Subdivision 1. **Report.** (a) The commissioner of revenue must prepare a report on the
173.8 valuation of certain state-assessed property as described in Minnesota Statutes, sections
173.9 273.33, 273.35, 273.36, 273.37, and 273.3711. The report must include the following
173.10 information:

173.11 (1) a detailed description of administrative appeals and tax court petitions filed since
173.12 2012, containing the following information:

173.13 (i) the basis for each appeal and petition;

173.14 (ii) the current stage in the process of each appeal and petition, and if it is resolved,
173.15 whether it was resolved by an agreement, dismissal, settlement, or judgment;

173.16 (iii) the final valuation and extent to which the market value was increased or reduced
173.17 under an agreement, settlement, or judgment from an appeal or petition, and if an appeal or
173.18 petition has not yet reached the final disposition, the report must state the commissioner's
173.19 or tax court's valuation amounts as of its current stage in the process, whichever is most
173.20 recent;

173.21 (iv) detail regarding the amount of the commissioner's most recent valuation compared
173.22 to the taxpayer's opinion of valuation for appeals and petitions that have not yet resulted in
173.23 a final disposition, if available at its current stage of litigation;

173.24 (v) detail regarding the amount of refund paid by each affected taxing local jurisdiction
173.25 if the final disposition resulted in the lowering of market value; and

173.26 (vi) detail regarding the potential refund to be paid by each affected local taxing
173.27 jurisdiction for appeals and petitions that have not yet resulted in a final disposition, as if
173.28 the final disposition were to result in a finding of market value equal to the taxpayer's opinion
173.29 of market value;

173.30 (2) an overview of the administrative appeal process, specifically explaining the criteria
173.31 used by the commissioner to determine an increase or reduction of the original valuation;

174.1 (3) a detailed description of the process by which the commissioner determines
174.2 preliminary and final valuation orders, including an examination of the form and contents
174.3 of each order, as well as a description of the time frame for issuing each order in relation
174.4 to affected local taxing jurisdictions' levy and budget process and options for issuing these
174.5 valuation orders earlier than current practice; and

174.6 (4) a detailed comparison of the methodology used by the commissioner to administer
174.7 Rule 8100 to methods used to value utility and pipeline property by other states, including
174.8 but not limited to two neighboring states and three non-neighboring states.

174.9 Subd. 2. **Report deadline.** The commissioner must provide a copy of the report to the
174.10 chairs and ranking minority members of the legislative committees with jurisdiction over
174.11 property taxation by February 1, 2020.

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

174.13 Sec. 52. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

174.14 (a) No later than January 15, 2020, the commissioner of revenue, in consultation with
174.15 Minnesota Housing Finance Agency and the Department of Human Services, must produce
174.16 a report on class 4d property, as defined in section 273.13, subdivision 25, and local 4d
174.17 affordable housing programs. The commissioner must provide a copy of the report to the
174.18 chairs and ranking minority members of the legislative committees with jurisdiction over
174.19 property taxation. The report must include the following:

174.20 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
174.21 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties
174.22 under each clause:

174.23 (i) the number of units classified as 4d in each property in the previous assessment year;

174.24 (ii) the number of units not classified as 4d in each property in the previous assessment
174.25 year;

174.26 (iii) the property tax paid in 2019;

174.27 (iv) the property tax reduction in 2019 resulting from 4d classification;

174.28 (v) the average household income, as a percent, of the area median income, for residents
174.29 of 4d units; and

174.30 (vi) the total number of units that qualified for 4d in each of the last ten assessment
174.31 years; and

175.1 (2) a profile of income limits and area median incomes used in Minnesota by the United
175.2 States Department of Housing and Urban Development to determine eligibility for assisted
175.3 housing programs.

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

175.5 Sec. 53. **SPECIAL REFUND PROVISION; DISABLED VETERANS HOMESTEAD**
175.6 **EXCLUSION.**

175.7 A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but
175.8 did not receive the disabled veterans homestead exclusion for assessment year 2016 or 2017
175.9 may apply for a refund of taxes paid in 2017 or 2018 if the veteran would have qualified
175.10 for the benefit in Minnesota Statutes, section 273.13, subdivision 34, paragraph (b), in one
175.11 or both of those years. To qualify for a refund, a property owner must apply to the assessor
175.12 by December 15, 2019, and must have paid all tax due in 2017 and 2018. After verifying
175.13 that the applicant qualified for an exclusion for taxes payable in either or both of those years,
175.14 the county assessor must notify the county auditor, and the auditor must recalculate the
175.15 taxes on the property for taxes payable in 2017 and 2018 based on the exclusion the applicant
175.16 was qualified for. The county treasurer must then issue a refund of tax paid in 2017 and
175.17 2018 equal to the difference between the taxes as initially calculated for each taxes payable
175.18 year and the taxes based on the value remaining after the exclusion.

175.19 **EFFECTIVE DATE.** This section is effective for refund applications received in 2019,
175.20 for refunds of tax paid in 2017 and 2018.

175.21 Sec. 54. **REPEALER.**

175.22 Minnesota Statutes 2018, section 275.29, is repealed.

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

175.24 **ARTICLE 6**

175.25 **AIDS AND CREDITS**

175.26 Section 1. Minnesota Statutes 2018, section 273.1385, subdivision 4, is amended to read:

175.27 Subd. 4. **Aid termination.** The aid provided under this section ~~terminates on June 30,~~
175.28 ~~2020.~~ continues until the earlier of:

175.29 (1) the last day of the fiscal year immediately following the fiscal year in which the
175.30 actuarial value of assets of the general employees retirement plan of the Public Employees

176.1 Retirement Association first equals or exceeds the actuarial accrued liabilities of the plan
 176.2 as reported in the annual actuarial valuation prepared under section 356.215; or
 176.3 (2) June 30, 2048.

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

176.5 Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

176.6 Subd. 2. **Credit amount.** For each qualifying property, the school building bond
 176.7 agricultural credit is equal to ~~40~~ 70 percent of the property's eligible net tax capacity
 176.8 multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

176.9 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 176.10 in 2020.

176.11 Sec. 3. Minnesota Statutes 2018, section 290A.04, subdivision 2, is amended to read:

176.12 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes
 176.13 payable are in excess of the percentage of the household income stated below shall pay an
 176.14 amount equal to the percent of income shown for the appropriate household income level
 176.15 along with the percent to be paid by the claimant of the remaining amount of property taxes
 176.16 payable. The state refund equals the amount of property taxes payable that remain, up to
 176.17 the state refund amount shown below.

| 176.18 | | | Percent Paid by | Maximum |
|--------|-----------------------------|-------------------|-----------------|------------------|
| 176.19 | Household Income | Percent of Income | Claimant | State |
| 176.20 | | | | Refund |
| 176.21 | \$0 to 1,619 | | | 2,580 |
| 176.22 | <u>\$0 to 1,769</u> | 1.0 percent | 15 percent | \$ <u>3,020</u> |
| 176.23 | 1,620 to 3,229 | | | 2,580 |
| 176.24 | <u>1,770 to 3,529</u> | 1.1 percent | 15 percent | \$ <u>3,020</u> |
| 176.25 | 3,230 to 4,889 | | | 2,580 |
| 176.26 | <u>3,530 to 5,349</u> | 1.2 percent | 15 percent | \$ <u>3,020</u> |
| 176.27 | 4,890 to 6,519 | | | 2,580 |
| 176.28 | <u>5,350 to 7,129</u> | 1.3 percent | 20 percent | \$ <u>3,020</u> |
| 176.29 | 6,520 to 8,129 | | | 2,580 |
| 176.30 | <u>7,130 to 8,899</u> | 1.4 percent | 20 percent | \$ <u>3,020</u> |
| 176.31 | 8,130 to 11,389 | | | 2,580 |
| 176.32 | <u>8,900 to 12,459</u> | 1.5 percent | 20 percent | \$ <u>3,020</u> |
| 176.33 | 11,390 to 13,009 | | | 2,580 |
| 176.34 | <u>12,460 to 14,239</u> | 1.6 percent | 20 percent | \$ <u>3,020</u> |
| 176.35 | 13,010 to 14,649 | | | 2,580 |
| 176.36 | <u>14,240 to 16,029</u> | 1.7 percent | 20 percent | \$ <u>3,020</u> |

| | | | | |
|--------|-------------------------------|--------------------|-------------------|-----------------|
| 177.1 | 14,650 to 16,269 | | | <u>2,580</u> |
| 177.2 | <u>16,030 to 17,799</u> | 1.8 percent | 20 percent | \$ <u>3,020</u> |
| 177.3 | 16,270 to 17,879 | | | <u>2,580</u> |
| 177.4 | <u>17,800 to 19,569</u> | 1.9 percent | 25 percent | \$ <u>3,020</u> |
| 177.5 | 17,880 to 22,779 | | | <u>2,580</u> |
| 177.6 | <u>19,570 to 24,929</u> | 2.0 percent | 25 percent | \$ <u>3,020</u> |
| 177.7 | 22,780 to 24,399 | | | <u>2,580</u> |
| 177.8 | <u>24,930 to 26,699</u> | 2.0 percent | 30 percent | \$ <u>3,020</u> |
| 177.9 | 24,400 to 27,659 | | | <u>2,580</u> |
| 177.10 | <u>26,700 to 30,269</u> | 2.0 percent | 30 percent | \$ <u>3,020</u> |
| 177.11 | 27,660 to 39,029 | | | <u>2,580</u> |
| 177.12 | <u>30,270 to 42,709</u> | 2.0 percent | 35 percent | \$ <u>3,020</u> |
| 177.13 | 39,030 to 56,919 | | | <u>2,090</u> |
| 177.14 | <u>42,710 to 62,279</u> | 2.0 percent | 35 percent | \$ <u>2,490</u> |
| 177.15 | 56,920 to 65,049 | | | <u>1,830</u> |
| 177.16 | <u>62,280 to 71,179</u> | 2.0 percent | 40 percent | \$ <u>2,200</u> |
| 177.17 | 65,050 to 73,189 | | | <u>1,510</u> |
| 177.18 | <u>71,180 to 80,089</u> | 2.1 percent | 40 percent | \$ <u>1,850</u> |
| 177.19 | 73,190 to 81,319 | | | <u>1,350</u> |
| 177.20 | <u>80,090 to 88,979</u> | 2.2 percent | 40 percent | \$ <u>1,680</u> |
| 177.21 | 81,320 to 89,449 | | | <u>1,180</u> |
| 177.22 | <u>88,980 to 97,879</u> | 2.3 percent | 40 percent | \$ <u>1,490</u> |
| 177.23 | 89,450 to 94,339 | | | <u>1,000</u> |
| 177.24 | <u>97,880 to 103,229</u> | 2.4 percent | 45 percent | \$ <u>1,290</u> |
| 177.25 | 94,340 to 97,609 | | | <u>830</u> |
| 177.26 | <u>103,230 to 106,809</u> | 2.5 percent | 45 percent | \$ <u>1,090</u> |
| 177.27 | 97,610 to 101,559 | | | <u>680</u> |
| 177.28 | <u>106,810 to 111,129</u> | 2.5 percent | 50 percent | \$ <u>920</u> |
| 177.29 | 101,560 to 105,499 | | | <u>500</u> |
| 177.30 | <u>111,130 to 115,439</u> | 2.5 percent | 50 percent | \$ <u>730</u> |
| 177.31 | <u>115,440 to 119,439</u> | <u>2.6 percent</u> | <u>50 percent</u> | \$ <u>500</u> |
| 177.32 | <u>119,440 to 123,439</u> | <u>2.7 percent</u> | <u>50 percent</u> | \$ <u>450</u> |
| 177.33 | <u>123,440 to 127,439</u> | <u>2.8 percent</u> | <u>50 percent</u> | \$ <u>400</u> |
| 177.34 | <u>127,440 to 131,439</u> | <u>2.9 percent</u> | <u>55 percent</u> | \$ <u>350</u> |
| 177.35 | <u>131,440 to 135,439</u> | <u>3.0 percent</u> | <u>55 percent</u> | \$ <u>300</u> |
| 177.36 | <u>135,440 to 139,439</u> | <u>3.1 percent</u> | <u>55 percent</u> | \$ <u>250</u> |
| 177.37 | <u>139,440 to 143,439</u> | <u>3.2 percent</u> | <u>55 percent</u> | \$ <u>200</u> |
| 177.38 | <u>143,440 to 147,439</u> | <u>3.3 percent</u> | <u>55 percent</u> | \$ <u>150</u> |
| 177.39 | <u>147,440 to 151,439</u> | <u>3.4 percent</u> | <u>55 percent</u> | \$ <u>100</u> |
| 177.40 | <u>151,440 to 155,439</u> | <u>3.5 percent</u> | <u>55 percent</u> | \$ <u>100</u> |

177.41 The payment made to a claimant shall be the amount of the state refund calculated under
 177.42 this subdivision. No payment is allowed if the claimant's household income is ~~\$105,500~~
 177.43 \$155,440 or more.

178.1 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
 178.2 payable after December 31, 2019.

178.3 Sec. 4. Minnesota Statutes 2018, section 290A.04, subdivision 2a, is amended to read:

178.4 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the
 178.5 percentage of the household income stated below must pay an amount equal to the percent
 178.6 of income shown for the appropriate household income level along with the percent to be
 178.7 paid by the claimant of the remaining amount of rent constituting property taxes. The state
 178.8 refund equals the amount of rent constituting property taxes that remain, up to the maximum
 178.9 state refund amount shown below.

| Household Income | Percent of Income | Percent Paid by Claimant | Maximum State Refund |
|-----------------------------|-------------------|--------------------------|----------------------|
| \$0 to 4,909 | | 5 | 2,000 |
| <u>\$0 to 5,369</u> | 1.0 percent | <u>2.5</u> percent | \$ <u>2,190</u> |
| 4,910 to 6,529 | | 10 | 2,000 |
| <u>5,370 to 7,149</u> | 1.0 percent | <u>5</u> percent | \$ <u>2,190</u> |
| 6,530 to 8,159 | | 10 | 1,950 |
| <u>7,150 to 8,929</u> | 1.1 percent | <u>5</u> percent | \$ <u>2,130</u> |
| 8,160 to 11,439 | | 10 | 1,900 |
| <u>8,930 to 12,519</u> | 1.2 percent | <u>5</u> percent | \$ <u>2,080</u> |
| 11,440 to 14,709 | | 15 | 1,850 |
| <u>12,520 to 16,099</u> | 1.3 percent | <u>10</u> percent | \$ <u>2,020</u> |
| 14,710 to 16,339 | | 15 | 1,800 |
| <u>16,100 to 17,879</u> | 1.4 percent | <u>10</u> percent | \$ <u>1,970</u> |
| 16,340 to 17,959 | | 20 | 1,750 |
| <u>17,880 to 19,649</u> | 1.4 percent | <u>15</u> percent | \$ <u>1,910</u> |
| 17,960 to 21,239 | | 20 | 1,700 |
| <u>19,650 to 23,239</u> | 1.5 percent | <u>15</u> percent | \$ <u>1,860</u> |
| 21,240 to 22,869 | | 20 | 1,650 |
| <u>23,240 to 25,029</u> | 1.6 percent | <u>15</u> percent | \$ <u>1,810</u> |
| 22,870 to 24,499 | | 25 | 1,650 |
| <u>25,030 to 26,809</u> | 1.7 percent | <u>20</u> percent | \$ <u>1,810</u> |
| 24,500 to 27,779 | | 25 | 1,650 |
| <u>26,810 to 30,399</u> | 1.8 percent | <u>20</u> percent | \$ <u>1,810</u> |
| 27,780 to 29,399 | | 30 | 1,650 |
| <u>30,400 to 32,169</u> | 1.9 percent | <u>25</u> percent | \$ <u>1,810</u> |
| 29,400 to 34,299 | | 30 | 1,650 |
| <u>32,170 to 37,529</u> | 2.0 percent | <u>27.5</u> percent | \$ <u>1,810</u> |
| 34,300 to 39,199 | | 35 | 1,650 |
| <u>37,530 to 42,889</u> | 2.0 percent | <u>32.5</u> percent | \$ <u>1,810</u> |
| 39,200 to 45,739 | | 40 | 1,650 |
| <u>42,890 to 50,049</u> | 2.0 percent | <u>37.5</u> percent | \$ <u>1,810</u> |

| | | | | |
|--------|-----------------------------|------------------------|-----------------------|-------------------|
| 179.1 | 45,740 to 47,369 | | 45 | 1,500 |
| 179.2 | <u>50,050 to 51,829</u> | 2.0 percent | <u>40</u> percent | \$ <u>1,640</u> |
| 179.3 | 47,370 to 49,009 | | 45 | 1,350 |
| 179.4 | <u>51,830 to 53,629</u> | 2.0 percent | <u>42.5</u> percent | \$ <u>1,480</u> |
| 179.5 | 49,010 to 50,649 | | 45 | 1,150 |
| 179.6 | <u>53,630 to 55,419</u> | 2.0 percent | <u>42.5</u> percent | \$ <u>1,260</u> |
| 179.7 | 50,650 to 52,269 | | 50 | 1,000 |
| 179.8 | <u>55,420 to 57,199</u> | 2.0 percent | <u>47.5</u> percent | \$ <u>1,090</u> |
| 179.9 | 52,270 to 53,909 | | 50 | 900 |
| 179.10 | <u>57,200 to 58,989</u> | 2.0 percent | <u>47.5</u> percent | \$ <u>980</u> |
| 179.11 | 53,910 to 55,539 | | | 500 |
| 179.12 | <u>58,990 to 64,999</u> | 2.0 percent | 50 percent | \$ <u>750</u> |
| 179.13 | 55,540 to 57,169 | 2.0 percent | 50 percent | \$ 200 |
| 179.14 | <u>65,000 to 67,499</u> | <u>2.0 percent</u> | <u>55 percent</u> | \$ <u>550</u> |
| 179.15 | <u>67,500 to 69,999</u> | <u>2.1 percent</u> | <u>55 percent</u> | \$ <u>350</u> |
| 179.16 | <u>70,000 to 72,499</u> | <u>2.2 percent</u> | <u>55 percent</u> | \$ <u>250</u> |
| 179.17 | <u>72,500 to 74,999</u> | <u>2.3 percent</u> | <u>55 percent</u> | \$ <u>150</u> |

179.18 The payment made to a claimant is the amount of the state refund calculated under this
 179.19 subdivision. No payment is allowed if the claimant's household income is ~~\$57,170~~ \$75,000
 179.20 or more.

179.21 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after
 179.22 December 31, 2018.

179.23 Sec. 5. Minnesota Statutes 2018, section 290A.19, is amended to read:

179.24 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE**
 179.25 **CERTIFICATES.**

179.26 **Subdivision 1. Owner or managing agent to furnish rent certificate.** (a) The owner
 179.27 or managing agent of any property for which rent is paid for occupancy as a homestead
 179.28 must furnish a certificate of rent paid to a person who is a renter on December 31, in the
 179.29 form prescribed by the commissioner. If the renter moves before December 31, the owner
 179.30 or managing agent may give the certificate to the renter at the time of moving, or mail the
 179.31 certificate to the forwarding address if an address has been provided by the renter. The
 179.32 certificate must be made available to the renter before February 1 of the year following the
 179.33 year in which the rent was paid. The owner or managing agent must retain a duplicate of
 179.34 each certificate or an equivalent record showing the same information for a period of three
 179.35 years. The duplicate or other record must be made available to the commissioner upon
 179.36 request.

180.1 (b) The commissioner may require the owner or managing agent, through a simple
180.2 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
180.3 rent paid furnished to a renter for rent paid in the prior year,~~in~~. The commissioner shall
180.4 prescribe the content, format, and manner prescribed by the commissioner of the form
180.5 pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting
180.6 with representatives of owners or managing agents, shall develop an implementation and
180.7 administration plan for the requirements of this paragraph that attempts to minimize financial
180.8 burdens, administration and compliance costs, and takes into consideration existing systems
180.9 of owners and managing agents.

180.10 (c) For the purposes of this section, "owner" includes a park owner as defined under
180.11 section 327C.01, subdivision 6, and "property" includes a lot as defined under section
180.12 327C.01, subdivision 3.

180.13 (d) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent
180.14 must furnish certificates of rent paid that were created using the system developed under
180.15 subdivision 3 or provide equivalent data to the commissioner in a form and manner approved
180.16 by the commissioner. The commissioner must retain data collected under this paragraph at
180.17 least as long as is necessary to ensure compliance with this chapter. Data gathered under
180.18 this paragraph are return information, as defined in section 270B.02.

180.19 Subd. 2. Rental market information. (a) Beginning with certificates of rent paid for
180.20 2021 rents, an owner or managing agent must submit the following data elements to the
180.21 commissioner about any property for which the owner or managing agent provides a
180.22 certificate of rent paid under subdivision 1:

180.23 (1) the number of bedrooms in the rental unit;

180.24 (2) whether utilities are included in the rent amount reported;

180.25 (3) whether the renter paid a different rent amount than the market rate due to a subsidy;
180.26 and

180.27 (4) the city, county, and five-digit zip code of the rental unit.

180.28 (b) An owner or managing agent may submit the data using the electronic system
180.29 developed under subdivision 3, or provide equivalent data in a form and manner approved
180.30 by the commissioner.

180.31 (c) The commissioner must retain data collected through the system at least as long as
180.32 is necessary to prepare the annual report required under section 290A.29. Data collected
180.33 under this subdivision are return information, as defined in section 270B.02.

181.1 Subd. 3. **Electronic system for certificates of rent paid.** (a) The commissioner must
181.2 develop and implement an electronic system for generating certificates of rent paid. The
181.3 system must allow an owner or managing agent to enter the information necessary to generate
181.4 a certificate of rent paid, and use the information provided to create a completed certificate
181.5 for distribution to renters. An owner or managing agent is responsible for furnishing the
181.6 certificate to a renter in accordance with subdivision 1. The system must be available by
181.7 January 1, 2021, for use for certificates of rent paid for 2020 rents.

181.8 (b) In addition to any information required by the commissioner to administer the renter's
181.9 credit program and ensure compliance with this chapter, the system developed under this
181.10 subdivision must be capable of capturing the rental market information required under
181.11 subdivision 2.

181.12 **EFFECTIVE DATE.** (a) The amendments to subdivisions 1 and 2 are effective for
181.13 refunds based on rents paid in 2021 and following years.

181.14 (b) Subdivision 3 is effective July 1, 2019.

181.15 Sec. 6. **[290A.29] ANNUAL REPORT ON RENTS PAID IN MINNESOTA.**

181.16 (a) Using data collected under section 290A.19, subdivision 2, the commissioner must
181.17 annually prepare and publish a report on rents in Minnesota. The report must provide
181.18 aggregated summary data on rents, broken out by number of bedrooms, county, and other
181.19 significant geographical regions. At a minimum, the report must describe:

181.20 (1) average and median rent amounts paid in the most recent year for which data is
181.21 available; and

181.22 (2) to the extent data is available, year-to-year changes in the amount of rent paid.

181.23 (b) By March 15, 2022, and March 15 of each following year, the commissioner must
181.24 submit the report to the chairs and ranking members of the house and senate committees
181.25 with jurisdiction over taxes, property taxes, and housing policy.

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

181.27 Sec. 7. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

181.28 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),
181.29 the distribution of the taconite production tax as provided in section 298.28, subdivisions
181.30 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

182.1 (1) the amount distributed pursuant to this section and section 298.28, with respect to
182.2 1983 production if the production for the year prior to the distribution year is no less than
182.3 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount
182.4 of the distributions shall be reduced proportionately at the rate of two percent for each
182.5 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000
182.6 tons; or

182.7 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs
182.8 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this
182.9 section and section 298.28, with respect to 1983 production;

182.10 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)
182.11 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,
182.12 with respect to 1983 production provided that the aid guarantee for distributions under
182.13 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton
182.14 for production years 2014 and thereafter.

182.15 (b) The distribution of the taconite production tax as provided in section 298.28,
182.16 subdivision 2, shall equal the following amount:

182.17 (1) if the production for the year prior to the distribution year is at least 42,000,000
182.18 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
182.19 to 1999 production; or

182.20 (2) if the production for the year prior to the distribution year is less than 42,000,000
182.21 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
182.22 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000
182.23 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

182.24 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,
182.25 paragraph (a), must equal the amount distributed under 298.28, with respect to 1983
182.26 production.

182.27 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

182.28 Sec. 8. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

182.29 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under
182.30 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account
182.31 to be distributed as provided in section 298.282. The amount allocated to the taconite
182.32 municipal aid account must be annually increased in the same proportion as the increase in
182.33 the implicit price deflator as provided in section 298.24, subdivision 1.

183.1 (b) An amount must be allocated to towns or cities that is annually certified by the county
183.2 auditor of a county containing a taconite tax relief area as defined in section 273.134,
183.3 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,
183.4 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a
183.5 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city
183.6 consists of iron ore.

183.7 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's
183.8 certified levy equal to the proportion of (1) the difference between 50 percent of January
183.9 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,
183.10 assessed value in the case of a city and its current assessed value to (2) the sum of its current
183.11 assessed value plus the difference determined in (1), provided that the amount distributed
183.12 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a
183.13 city. For purposes of this limitation, population will be determined according to the 1980
183.14 decennial census conducted by the United States Bureau of the Census. If the current assessed
183.15 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,
183.16 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,
183.17 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed
183.18 value," when used in reference to years other than 1980 or 1982, means the appropriate net
183.19 tax capacities multiplied by 10.2.

183.20 (d) In addition to other distributions under this subdivision, three cents per taxable ton
183.21 for distributions in 2009 must be allocated for distribution to towns that are entirely located
183.22 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution
183.23 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent
183.24 amount must be annually increased in the same proportion as the increase in the implicit
183.25 price deflator as provided in section 298.24, subdivision 1. The amount available under this
183.26 paragraph will be distributed to eligible towns on a per capita basis, provided that no town
183.27 may receive more than \$50,000 in any year under this paragraph. Any amount of the
183.28 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be
183.29 redistributed on a per capita basis among the other eligible towns, to whose distributions
183.30 do not exceed \$50,000.

183.31 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

184.1 Sec. 9. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to
184.2 read:

184.3 Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions
184.4 authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$1,000,000
184.5 for tax reductions to border city enterprise zones in cities located on the western border of
184.6 the state. The commissioner shall allocate this amount among cities on a per capita basis.
184.7 Allocations made under this subdivision may be used for tax reductions under sections
184.8 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by
184.9 businesses located in the enterprise zone as provided by law, but only if the municipality
184.10 determines that the granting of the tax reduction or offset is necessary to retain a business
184.11 within or attract a business to the zone.

184.12 (b) The allocations under this subdivision do not cancel or expire, but remain available
184.13 until used by the city.

184.14 **EFFECTIVE DATE.** This section is effective July 1, 2020.

184.15 Sec. 10. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

184.16 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)
184.17 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~
184.18 ~~services, automobile sales or service, or~~ the provision of recreation or entertainment, or a
184.19 private or commercial golf course, country club, massage parlor, tennis club, skating facility
184.20 including roller skating, skateboard, and ice skating, racquet sports facility, including any
184.21 handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of
184.22 a public utility; (3) property used in the operation of a financial institution; (4) property
184.23 owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under~~
184.24 ~~a franchise agreement that requires the business to be located in the state; except that tax~~
184.25 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~
184.26 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise
184.27 agreement that requires the business to be located in this state ~~except for such a franchised~~
184.28 ~~retail food or beverage facility.~~

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

184.30 Sec. 11. Minnesota Statutes 2018, section 477A.011, subdivision 45, is amended to read:

184.31 Subd. 45. **Sparsity adjustment.** ~~For~~ The sparsity adjustment is \$200 for either:

185.1 (1) a city with a population of 10,000 or more, ~~the sparsity adjustment is 100 for any~~
185.2 ~~city with~~ and an average population density less than 150 per square mile, according to the
185.3 most recent federal census. ~~For;~~ or

185.4 (2) a city with a population less than 10,000, ~~the sparsity adjustment is 200 for any city~~
185.5 ~~with~~ and an average population density less than 30 per square mile, according to the most
185.6 recent federal census.

185.7 The sparsity adjustment is zero for all other cities.

185.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
185.9 and thereafter.

185.10 Sec. 12. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

185.11 Subd. 9. **City aid distribution.** (a) In calendar year 2018 and thereafter, if a city's
185.12 certified aid before any aid adjustment under subdivision 13 for the previous year is less
185.13 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)
185.14 its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the
185.15 city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

185.16 (b) For aids payable in 2020 only, no city's aid amount before any adjustment under
185.17 subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment
185.18 under subdivision 13 for that year. For aids payable in ~~2018~~ 2020 and thereafter, if a city's
185.19 certified aid before any aid adjustment under subdivision 13 for the previous year is equal
185.20 to or greater than its current unmet need, the total aid for a city is equal to the greater of (1)
185.21 its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was
185.22 certified to receive in the previous year minus the sum of (i) any adjustment under subdivision
185.23 13 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied
185.24 by its population, or five percent of its net levy in the year prior to the aid distribution. No
185.25 city may have a total aid amount less than \$0.

185.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
185.27 and thereafter.

185.28 Sec. 13. Minnesota Statutes 2018, section 477A.013, subdivision 13, is amended to read:

185.29 Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under~~
185.30 ~~Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (c), shall have its~~
185.31 ~~total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in~~
185.32 ~~2014 through 2018.~~

186.1 ~~(b)~~ (a) A city that received an aid base increase under Minnesota Statutes 2012, section
186.2 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased
186.3 by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

186.4 ~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section~~
186.5 ~~477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased~~
186.6 ~~by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

186.7 (b) The city of Floodwood shall have its total aid under subdivision 9 increased by
186.8 \$20,000 for aids payable in 2020 through 2024.

186.9 (c) The city of Hermantown shall have its total aid under subdivision 9 increased by
186.10 \$200,000 for aids payable in 2020 through 2024.

186.11 (d) The city of West St. Paul shall have its total aid under subdivision 9 increased by
186.12 \$920,000 for aids payable in 2020 through 2024.

186.13 (e) The city of Flensburg shall have its total aid under subdivision 9 increased by \$38,400
186.14 for aids payable in 2020 only.

186.15 (f) The city of Lilydale shall have its total aid under subdivision 9 increased by \$275,000
186.16 for aids payable in 2020 only.

186.17 (g) The city of Scanlon shall have its total aid under subdivision 9 increased by \$40,000
186.18 for aids payable in 2020 through 2029.

186.19 (h) The city of East Grand Forks shall have its total aid under subdivision 9 increased
186.20 by \$300,000 for aids payable in 2021 through 2024.

186.21 (i) The city of Virginia shall have its total aid under subdivision 9 increased by \$5,400,000
186.22 for aids payable in 2020 only.

186.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
186.24 and thereafter.

186.25 Sec. 14. Minnesota Statutes 2018, section 477A.03, subdivision 2a, is amended to read:

186.26 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section
186.27 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and ~~thereafter~~ 2019,
186.28 the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable
186.29 in 2020, the total aid paid under subdivision 9 is \$570,390,952. For aids payable in 2021
186.30 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$564,990,952.

187.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
187.2 and thereafter.

187.3 Sec. 15. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

187.4 Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024~~ and 2019, the total aid
187.5 payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000
187.6 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids
187.7 payable in 2020 through 2024, the total aid payable under section 477A.0124, subdivision
187.8 3, is \$119,091,470 and is subject to the allocations under paragraph (c). For aids payable
187.9 in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is
187.10 ~~\$100,795,000~~ \$116,091,470. Each calendar year, \$500,000 of this appropriation shall be
187.11 retained by the commissioner of revenue to make reimbursements to the commissioner of
187.12 management and budget for payments made under section 611.27. The reimbursements
187.13 shall be to defray the additional costs associated with court-ordered counsel under section
187.14 611.27. Any retained amounts not used for reimbursement in a year shall be included in the
187.15 next distribution of county need aid that is certified to the county auditors for the purpose
187.16 of property tax reduction for the next taxes payable year.

187.17 (b) For aids payable in 2018 and ~~thereafter~~ 2019, the total aid under section 477A.0124,
187.18 subdivision 4, is \$130,873,444. For aids payable in 2020 and thereafter, the total aid under
187.19 section 477A.0124, subdivision 4, is \$146,169,914. The commissioner of revenue shall
187.20 transfer to the commissioner of management and budget \$207,000 annually for the cost of
187.21 preparation of local impact notes as required by section 3.987, and other local government
187.22 activities. The commissioner of revenue shall transfer to the commissioner of education
187.23 \$7,000 annually for the cost of preparation of local impact notes for school districts as
187.24 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred
187.25 under this paragraph from the appropriation under this paragraph. The amounts transferred
187.26 are appropriated to the commissioner of management and budget and the commissioner of
187.27 education respectively.

187.28 (c) For aids payable under paragraph (a) in 2020 through 2024, \$3,000,000 shall be
187.29 allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable
187.30 under paragraph (a) in 2020, an additional \$750,000 must be allocated to Mahnomen County
187.31 before the money appropriated to county need aid is apportioned among the counties. Of
187.32 this increased aid amount allocated to Mahnomen County, one-third must be used by the
187.33 county for the Mahnomen Health Center and one-third must be paid from the county to the

188.1 White Earth Band of Ojibwe to reimburse the band for the costs of delivering child welfare
188.2 services.

188.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020
188.4 and thereafter.

188.5 Sec. 16. Laws 2018, chapter 211, article 14, section 26, is amended to read:

188.6 Sec. 26. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**
188.7 **FIREFIGHTERS.**

188.8 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

188.9 (1) determine the amount of state aid required under the bylaws of the Austin Parttime
188.10 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

188.11 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental
188.12 state aid received under Minnesota Statutes, section 423A.022;

188.13 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire
188.14 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between
188.15 the amount determined under clause (1) and the amount transmitted under clause (2); and

188.16 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections
188.17 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters
188.18 covered by the public employees police and fire retirement plan under Minnesota Statutes,
188.19 section 353.65, subdivision 3.

188.20 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin
188.21 has no liability to the relief association related to payments it made or will make to the
188.22 public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015,
188.23 2016, 2017, and 2018 and subsequent years.

188.24 (c) ~~This section expires July 1, 2019~~ Paragraphs (a) and (b) expire on the effective date
188.25 of general legislation permitting the allocation of fire state aid between volunteer firefighter
188.26 relief associations and the affiliated municipalities, independent nonprofit firefighting
188.27 corporations, or joint powers entities.

188.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
188.29 city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021,
188.30 subdivisions 2 and 3.

189.1 **Sec. 17. AID PENALTY FORGIVENESS; THE CITY OF WAUBUN.**

189.2 Notwithstanding Minnesota Statutes, section 477A.017, the city of Waubun may receive
189.3 its second local government aid payment and small city assistance aid payment for aids
189.4 payable in 2018 even though it did not file fiscal year 2017 financial reports with the state
189.5 auditor as required under that section, provided that the required forms are submitted to the
189.6 state auditor by May 31, 2019. The commissioner of revenue shall make the payments to
189.7 the city of Waubun by June 30, 2019. Up to \$56,822 of the fiscal year 2019 appropriation
189.8 for local government aid in Minnesota Statutes, section 477A.03, subdivision 2, is available
189.9 for payment under this section. Up to \$3,771 of the fiscal year 2019 appropriation for the
189.10 small city assistance program in Laws 2017, First Special Session chapter 3, article 1, section
189.11 2, subdivision 4, clause (c), is available for payment under this section.

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

189.13 **Sec. 18. STATE FIRE AID PENALTY FORGIVENESS; AUSTIN.**

189.14 Notwithstanding any contrary provision of law, the city of Austin shall receive both its
189.15 2016 state fire aid payment under Minnesota Statutes, section 69.021, subdivision 7, and
189.16 its 2016 supplemental state aid payment under Minnesota Statutes, section 423A.022,
189.17 provided that the sum of the fire state aid and the supplemental state aid that the city
189.18 transmitted to the Austin Parttime Firefighters Relief Association in calendar year 2015 to
189.19 fund the volunteers firefighters' service pensions met or exceeded the amount required under
189.20 the bylaws of that association. The commissioner of revenue shall make a payment of
189.21 \$103,891.48 for the state fire aid and \$25,201.92 for the supplemental aid to the city no
189.22 later than June 30, 2019. \$129,093.40 in fiscal year 2019 is appropriated from the general
189.23 fund to the commissioner of revenue to make the payments under this section.

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

189.25 **Sec. 19. APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION**
189.26 **GRANTS.**

189.27 (a) \$643,729 in fiscal year 2019 is appropriated from the general fund to the commissioner
189.28 of public safety for grants to remediate the effects of fires in the city of Melrose on September
189.29 8, 2016. This appropriation represents the amounts that lapsed by the terms of the
189.30 appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31.

189.31 (b) A grant recipient must use the money appropriated under this section for remediation
189.32 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel

190.1 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,
 190.2 incurred by public or private entities as a result of the fires. This is a onetime appropriation
 190.3 and is available until June 30, 2022.

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

190.5 Sec. 20. **APPROPRIATION.**

190.6 \$5,000 in fiscal year 2020 only is appropriated from the general fund to the commissioner
 190.7 of revenue for a grant of \$2,600 to the city of Mazeppa and a grant of \$2,400 to Wabasha
 190.8 County. The grants shall be paid by July 20, 2019, and may be used for property tax
 190.9 abatements and other costs incurred by public and private entities as a result of a fire in the
 190.10 city of Mazeppa on March 11, 2018. This is a onetime appropriation.

190.11 **EFFECTIVE DATE.** This section is effective July 1, 2019.

190.12 **ARTICLE 7**

190.13 **LOCAL TAXES**

190.14 Section 1. Minnesota Statutes 2018, section 297A.99, subdivision 1, is amended to read:

190.15 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
 190.16 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted
 190.17 by special law, or (4) if the political subdivision enacted and imposed the tax before January
 190.18 1, 1982, and its predecessor provision.

190.19 (b) This section governs the imposition of a general sales tax by the political subdivision.
 190.20 The provisions of this section preempt the provisions of any special law:

190.21 (1) enacted before June 2, 1997, or

190.22 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
 190.23 provision from this section's rules by reference.

190.24 (c) This section does not apply to or preempt a sales tax on motor vehicles or a special
 190.25 excise tax on motor vehicles.

190.26 (d) A political subdivision may not advertise or expend funds for the promotion of a
 190.27 referendum to support imposing a local ~~option~~ sales tax; and may only spend funds related
 190.28 to imposing a local sales tax to:

190.29 ~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds to:~~

190.30 (1) conduct the referendum;

191.1 (2) disseminate information included in the resolution adopted under subdivision 2, but
191.2 only if the disseminated information includes a list of specific projects and the cost of each
191.3 individual project;

191.4 (3) provide notice of, and conduct public forums at which proponents and opponents on
191.5 the merits of the referendum are given equal time to express their opinions on the merits of
191.6 the referendum;

191.7 (4) provide facts and data on the impact of the proposed local sales tax on consumer
191.8 purchases; and

191.9 (5) provide facts and data related to the individual programs and projects to be funded
191.10 with the local sales tax.

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

191.12 Sec. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to
191.13 read:

191.14 **Subd. 1a. Purpose statement.** Local sales taxes are to be used instead of traditional
191.15 local revenues only for construction and rehabilitation of capital projects when a clear
191.16 regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax
191.17 revenues for local projects decreases the benefits to taxpayers of the deductibility of local
191.18 property taxes and the state assistance provided through the property tax refund system and
191.19 increases the fiscal inequities between similar communities.

191.20 Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

191.21 **Subd. 2. Local resolution before application for authority.** (a) Before the governing
191.22 body of a political subdivision requests legislative approval ~~of~~ to impose a local sales tax
191.23 authorized by a special law for a local sales tax that is administered under this section, it
191.24 shall adopt a resolution indicating its approval of the tax. The resolution must include, at a
191.25 minimum, the following information ~~on~~:

191.26 (1) the proposed tax rate, ~~how the revenues will be used;~~

191.27 (2) a detailed description of no more than five capital projects that will be funded with
191.28 revenue from the tax;

191.29 (3) documentation of the share of the economic benefit to or use of each project by
191.30 persons residing, or businesses located, outside of the jurisdiction;

192.1 (4) the amount of local sales tax revenue that would be used for each project and the
192.2 estimated time needed to raise that amount of revenue; and

192.3 (5) the total revenue that will be raised for all projects before the tax expires, and the
192.4 estimated length of time that the tax will be in effect if all proposed projects are funded.

192.5 ~~This subdivision applies to local laws enacted after June 30, 1998.~~ (b) The jurisdiction
192.6 seeking authority to impose a local sales tax by special law must submit the resolution in
192.7 paragraph (a) along with underlying documentation indicating how the benefits under
192.8 paragraph (a), clause (3), were determined, to the chairs of both the senate and house
192.9 committees with jurisdiction over taxes no later than January 31 of the year in which the
192.10 jurisdiction is seeking a special law authorizing the tax.

192.11 (c) The special legislation granting local sales tax authority is not required to allow
192.12 funding for all projects listed in the resolution with the revenue from the local sales tax, but
192.13 must not include any projects not contained in the resolution.

192.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
192.15 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

192.16 Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

192.17 Subd. 3. **Legislative authority required before voter approval; requirements for**
192.18 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
192.19 to impose a local sales tax before submitting the tax for approval by voters of the political
192.20 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
192.21 subdivision at a general election. The election must be conducted before at a general election
192.22 within the two-year period after the governing body of the political subdivision requests
192.23 legislative approval of has received authority to impose the tax. If the authorizing legislation
192.24 allows the tax to be imposed for more than one project, there must be a separate question
192.25 approving the use of the tax revenue for each project. Notwithstanding the authorizing
192.26 legislation, a project that is not approved by the voters may not be funded with the local
192.27 sales tax revenue and the termination date of the tax set in the authorizing legislation must
192.28 be reduced proportionately based on the share of that project's cost to the total costs of all
192.29 projects included in the authorizing legislation.

192.30 (b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a
192.31 construction and rehabilitation costs and associated bonding costs related to the specific
192.32 capital improvement which is designated at least 90 days before the referendum on imposition
192.33 of the tax is conducted projects that were approved by the voters under paragraph (a).

193.1 (c) The tax must terminate after ~~the improvement designated under paragraph (b) has~~
193.2 ~~been completed~~ the revenues raised are sufficient to fund the projects approved by the voters
193.3 under paragraph (a).

193.4 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
193.5 the political subdivision is prohibited from imposing a local sales tax for a period of one
193.6 year. ~~Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect~~
193.7 ~~at the time of or imposed after May 26, 1999.~~

193.8 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to
193.9 seek authority for a local sales tax at the November 6, 2018, general election and is granted
193.10 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without
193.11 an additional referendum provided that it meets the requirements of subdivision 2 and the
193.12 list of specific projects contained in the resolution does not conflict with the projects listed
193.13 in the approving referendum.

193.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
193.15 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

193.16 Sec. 5. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

193.17 Subdivision 1. (a) Minnesota Statutes, section 477A.01, ~~Subdivision 18~~ 477A.016, shall
193.18 not be deemed to prohibit the city of Duluth from amending its sales and use tax ordinances
193.19 so as to impose a sales ~~or~~ and use tax at the rate of one percent upon any or all sales or uses
193.20 which are taxed by the state of Minnesota pursuant to Minnesota Statutes, chapter 297A ~~or~~
193.21 ~~297B.~~

193.22 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,
193.23 or other provision of law, pursuant to the approval of the voters at the election on November
193.24 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of
193.25 one-half of one percent for the purposes specified in paragraph (c). The provisions of
193.26 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and
193.27 enforcement of the taxes authorized under this paragraph. The tax may not be imposed until
193.28 the city complies with the provisions of section 31.

193.29 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all
193.30 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge
193.31 improvements including related lighting and signals in the city of Duluth as outlined in the
193.32 Duluth Street Improvement Program 2017, developed by the engineer of the city of Duluth
193.33 as designated August 8, 2017.

194.1 (d) Revenues from the tax authorized by paragraph (b) must be used to pay all or part
194.2 of the improvements listed in paragraph (c) that are located within the district established
194.3 under Minnesota Statutes, section 469.51. The total expenditures required under this
194.4 paragraph and Minnesota Statutes, section 469.52, subdivision 6, must equal at least
194.5 \$20,000,000. The allocation required under this paragraph expires ten years after the date
194.6 of initial imposition of the tax. Projects authorized under this paragraph must be included
194.7 in the development plan approved by the Regional Exchange District Advisory Board in
194.8 consultation with the medical business entity east and medical business entity west.

194.9 (e) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,
194.10 referendum authorizing the imposition of the taxes in this section, may issue bonds under
194.11 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects
194.12 described in paragraph (c), until the tax terminates as provided in paragraph (f). A separate
194.13 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

194.14 (f) The tax authorized under this subdivision terminates at the earlier of: (1) 25 years
194.15 after the date of initial imposition of the tax; or (2) when the city council determines that
194.16 sufficient funds have been raised from the tax to finance the capital and administrative costs
194.17 of the improvements described in paragraph (c), plus the additional amount needed to pay
194.18 the costs related to issuance of bonds under paragraph (e), including interest bonds. Any
194.19 funds remaining after completion of the projects specified in paragraph (c) and retirement
194.20 or redemption of bonds in paragraph (e) shall be placed in the general fund of the city. The
194.21 tax imposed under paragraph (b) may expire at an earlier time if the city so determines by
194.22 ordinance.

194.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
194.24 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
194.25 subdivisions 2 and 3.

194.26 Sec. 6. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session
194.27 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended
194.28 to read:

194.29 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

194.30 The city may, by resolution, levy in addition to taxes authorized by other law:

194.31 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of
194.32 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor
194.33 establishments located within the downtown taxing area, provided that this tax may not be

195.1 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from
195.2 taxation under chapter 297A;

195.3 (2) a sales tax of not more than three percent on the gross receipts from the furnishing
195.4 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming
195.5 house, tourist court, or trailer camp located within the city by a hotel or motel which has
195.6 more than 50 rooms available for lodging; ~~the tax imposed under this clause shall be at a~~
195.7 ~~rate that, when added to the sum of the rate of the sales tax imposed under Minnesota~~
195.8 ~~Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any~~
195.9 ~~other taxes on lodging in the city of Minneapolis, equals 13 percent; and~~

195.10 (3) a sales tax of not more than three percent on the gross receipts on all sales of food
195.11 primarily for consumption on or off the premises by restaurants and places of refreshment
195.12 as defined by resolution of the city that occur within the downtown taxing area.

195.13 The taxes authorized by this section must not be terminated before January 1, 2047. The
195.14 taxes shall be imposed and may be adjusted periodically by the city council such that the
195.15 rates imposed produce revenue sufficient, together with the tax imposed under section 4,
195.16 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,
195.17 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,
195.18 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,
195.19 and fund the payment of any principal of, premium on, and interest on any bonds or any
195.20 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter
195.21 into appropriate agreements with the city to provide for the collection of these taxes by the
195.22 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and
195.23 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

195.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
195.25 30, 2019.

195.26 Sec. 7. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article
195.27 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

195.28 **Sec. 31. AUTHORITY FOR TAXATION.**

195.29 Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and
195.30 supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city
195.31 of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on
195.32 the gross receipts from the furnishing for consideration of lodging and related services at a
195.33 hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of

196.1 space for a continuous period of 30 days or more. The tax does not apply to the furnishing
196.2 of lodging and related services by a business having less than 50 lodging rooms. The tax
196.3 shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues
196.4 generated by this tax shall be used to fund a convention bureau to market and promote the
196.5 city as a tourist or convention center.

196.6 **EFFECTIVE DATE.** This section is effective the first day of the calendar quarter
196.7 beginning at least 30 days after the governing body of the city of St. Paul and its chief
196.8 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

196.9 Sec. 8. Laws 1994, chapter 587, article 9, section 11, is amended to read:

196.10 Sec. 11. **TWO HARBORS LODGING TAX.**

196.11 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a
196.12 tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose,
196.13 by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax
196.14 under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and
196.15 used to provide preservation, display, and interpretation of the tug boat Edna G. The total
196.16 tax imposed by the city under this section, by Lake County under section 23, and under
196.17 Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

196.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
196.19 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
196.20 645.021, subdivisions 2 and 3.

196.21 Sec. 9. Laws 1998, chapter 389, article 8, section 45, subdivision 1, is amended to read:

196.22 Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section
196.23 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters
196.24 of the city at the next general election held after the date of final enactment of this act, the
196.25 city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half
196.26 of one percent for the purposes specified in subdivision 3, paragraph (a).

196.27 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
196.28 sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved
196.29 by the voters at the November 6, 2018, general election, the city of Two Harbors may, by
196.30 ordinance, impose an additional sales and use tax at a rate of one-half of one percent for
196.31 the purposes specified in subdivision 3, paragraph (b). The tax may not be imposed until
196.32 the city complies with the provisions of section 31.

197.1 (c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the
197.2 imposition, administration, collection, and enforcement of the tax authorized under this
197.3 subdivision.

197.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
197.5 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
197.6 645.021, subdivisions 2 and 3.

197.7 Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws
197.8 2008, chapter 366, article 7, section 11, is amended to read:

197.9 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under
197.10 subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater
197.11 treatment, water system improvements, and harbor refuge development projects.

197.12 (b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used
197.13 by the city of Two Harbors to pay the costs of collecting and administering the tax and to
197.14 finance the capital and administrative costs of water and sewer infrastructure projects
197.15 including gravity-fed sewer mains, water mains, drain tile, service lines, street patching,
197.16 acquiring property, related engineering, and construction expenses.

197.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
197.18 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
197.19 645.021, subdivisions 2 and 3.

197.20 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

197.21 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,
197.22 chapter 475, to finance the capital expenditure and improvement projects under subdivision
197.23 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58,
197.24 may be held in combination with the election to authorize imposition of the tax under
197.25 subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds
197.26 may be posed to the voters as a single question. The question must state that the sales tax
197.27 revenues are pledged to pay the bonds, but that the bonds are general obligations and will
197.28 be guaranteed by the city's property taxes.

197.29 (b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and
197.30 administrative expenses for the projects described in subdivision 3, paragraph (b), in an
197.31 amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota
197.32 Statutes, section 475.58, is not required.

198.1 (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
198.2 section 275.60.

198.3 ~~(e)~~ (d) The bonds are not included in computing any debt limitation applicable to the
198.4 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and
198.5 interest on the bonds is not subject to any levy limitation.

198.6 The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to
198.7 pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may
198.8 not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

198.9 ~~(d)~~ (e) The taxes may be pledged to and used for the payment of the bonds and any bonds
198.10 issued to refund them, only if the bonds and any refunding bonds are general obligations
198.11 of the city.

198.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
198.13 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
198.14 645.021, subdivisions 2 and 3.

198.15 Sec. 12. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

198.16 Subd. 5. **Termination of taxes.** (a) The authority granted under subdivision 1, paragraph
198.17 (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the
198.18 projects described in subdivision 3, paragraph (a), have been paid.

198.19 (b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of:
198.20 (1) 25 years after the tax is first imposed; or (2) when the city council determines that the
198.21 amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the
198.22 additional amount needed to pay the costs related to issuance of bonds under subdivision
198.23 4, paragraph (b), including interest on the bonds. Any funds remaining after completion of
198.24 the project and retirement or redemption of the bonds may be placed in the general fund of
198.25 the city. The taxes imposed under subdivision 1, paragraph (b), may expire at an earlier
198.26 time if the city so determines by ordinance.

198.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
198.28 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section
198.29 645.021, subdivisions 2 and 3.

199.1 Sec. 13. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,
199.2 is amended to read:

199.3 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1
199.4 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the
199.5 following projects:

199.6 (1) \$4,500,000 for construction and completion of park improvement projects, including
199.7 St. Louis River riverfront improvements; Veteran's Park construction and improvements;
199.8 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital
199.9 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley
199.10 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within
199.11 the city;

199.12 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated
199.13 with the development of property adjacent to Highway 33 and Interstate Highway 35,
199.14 including payment of all debt service on bonds issued for these; and

199.15 (3) \$6,200,000 for engineering and construction of infrastructure improvements,
199.16 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as
199.17 part of the city's comprehensive land use plan.

199.18 Authorized expenses include, but are not limited to, acquiring property and paying
199.19 construction expenses related to these improvements, and paying debt service on bonds or
199.20 other obligations issued to finance acquisition and construction of these improvements.
199.21 Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the
199.22 improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the
199.23 total amount spent for the purposes listed in clauses (1) and (3) may be increased by the
199.24 difference between \$5,800,000 and the amount actually spent under clause (2). However,
199.25 the total expenditures for projects under this subdivision may not exceed \$16,500,000,
199.26 excluding any costs related to issuance of bonds under subdivision 4.

199.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
199.28 city of Cloquet and its chief clerical officer comply with the provisions of section 645.021,
199.29 subdivisions 2 and 3.

199.30 Sec. 14. **CITY OF AVON; TAXES AUTHORIZED.**

199.31 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
199.32 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
199.33 charter, the city of Avon, pursuant to approval by the voters at the general election on

200.1 November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one
200.2 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
200.3 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
200.4 administration, collection, and enforcement of the tax authorized under this subdivision.
200.5 The tax may not be imposed until the city complies with the provisions of section 31.

200.6 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1
200.7 must be used by the city to:

200.8 (1) pay the costs of collecting and administering the tax;

200.9 (2) pay the capital and administrative costs of transportation improvement projects as
200.10 adopted in the city of Avon's street priority improvement plan; and

200.11 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
200.12 finance the improvements listed in this subdivision in the city.

200.13 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,
200.14 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate
200.15 principal amount of bonds issued under this subdivision may not exceed \$1,500,000 plus
200.16 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may
200.17 be paid from or secured by any funds available to the city, including the tax authorized
200.18 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
200.19 Statutes, sections 275.60 and 275.61.

200.20 (b) The bonds are not included in computing any debt limitation applicable to the city,
200.21 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
200.22 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
200.23 under Minnesota Statutes, section 475.58, is not required.

200.24 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the
200.25 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$1,500,000
200.26 has been received from the tax to pay for the cost of the projects authorized under subdivision
200.27 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized
200.28 under subdivision 3, including interest on the bonds.

200.29 (b) Any funds remaining after payment of all such costs and retirement or redemption
200.30 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision
200.31 1 may expire at an earlier time if the city so determines by ordinance.

201.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
201.2 city and its chief clerical officer comply with Minnesota Statutes, section 645.021,
201.3 subdivisions 2 and 3.

201.4 Sec. 15. **CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

201.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
201.6 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters
201.7 at the general election of November 6, 2018, the city of Blue Earth may impose by ordinance
201.8 a sales and use tax of one-half of one percent for the purposes specified in subdivision 2.
201.9 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section
201.10 297A.99, govern the imposition, administration, collection, and enforcement of the tax
201.11 authorized under this subdivision. The tax may not be imposed until the city complies with
201.12 the provisions of section 31.

201.13 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
201.14 under subdivision 1 must be used by the city of Blue Earth to pay the costs of collecting
201.15 and administering the tax and to finance the capital and administrative costs of constructing
201.16 and funding sewer plant improvements, street reconstruction projects, and recreational
201.17 amenities. The total that may be raised from the tax to pay for these projects is limited to
201.18 \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these
201.19 projects.

201.20 Subd. 3. **Bonding authority.** (a) The city of Blue Earth may issue bonds under Minnesota
201.21 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
201.22 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
201.23 not exceed \$5,000,000, plus an amount to be applied to the payment of the costs of issuing
201.24 the bonds. The bonds may be paid from or secured by any funds available to the city of
201.25 Blue Earth, including the tax authorized under subdivision 1. The issuance of bonds under
201.26 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

201.27 (b) The bonds are not included in computing any debt limitation applicable to the city
201.28 of Blue Earth, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
201.29 principal and interest on the bonds is not subject to any levy limitation. A separate election
201.30 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

201.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
201.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
201.33 that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds
201.34 authorized under subdivision 3, including interest on the bonds, has been received from the

202.1 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining
202.2 after payment of all such costs and retirement or redemption of the bonds due to timing of
202.3 the termination under Minnesota Statutes, section 297A.99, shall be placed in the general
202.4 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the
202.5 city so determines by ordinance.

202.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
202.7 city of Blue Earth and its chief clerical officer comply with Minnesota Statutes, section
202.8 645.021, subdivisions 2 and 3.

202.9 **Sec. 16. CITY OF CAMBRIDGE; TAX AUTHORIZED.**

202.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
202.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
202.12 and as approved by the voters at the November 6, 2018, general election, the city of
202.13 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for
202.14 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
202.15 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
202.16 collection, and enforcement of the tax authorized under this subdivision. The tax may not
202.17 be imposed until the city complies with the provisions of section 31 as it relates to funding
202.18 of the street improvements in subdivision 2, clause (2).

202.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
202.20 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting
202.21 and administering the tax and paying for the following infrastructure projects in the city,
202.22 including securing and paying debt service on bonds issued to finance all or part of the
202.23 following projects:

202.24 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house
202.25 the Cambridge Public Library and the East Central Regional Library Headquarters; and

202.26 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the
202.27 Street Capital Improvement Program approved by the city council as of January 22, 2019,
202.28 and outdoor park improvements described in the park master plan as of January 22, 2019.

202.29 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota
202.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
202.31 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
202.32 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount
202.33 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects

203.1 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
203.2 the bonds. The bonds may be paid from or secured by any funds available to the city of
203.3 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under
203.4 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

203.5 (b) The bonds are not included in computing any debt limitation applicable to the city.
203.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
203.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
203.8 under Minnesota Statutes, section 475.58, is not required.

203.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
203.10 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has
203.11 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount
203.12 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized
203.13 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of
203.14 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's
203.15 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
203.16 so determines by ordinance.

203.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
203.18 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section
203.19 645.021, subdivisions 2 and 3.

203.20 Sec. 17. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX**
203.21 **AUTHORIZED.**

203.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
203.23 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
203.24 and as approved by the voters at the November 6, 2018, general election, the city of Detroit
203.25 Lakes may impose, by ordinance, a sales and use tax of one-half of one percent for the
203.26 purposes specified in subdivision 2. Except as otherwise provided in this section, the
203.27 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
203.28 collection, and enforcement of the tax authorized under this subdivision.

203.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
203.30 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting
203.31 and administering the tax, and construction of a new police department facility in the city,
203.32 including securing and paying debt service on bonds issued to finance all or part of this
203.33 project. The total amount of the police department facility to be funded with the tax imposed
203.34 under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

204.1 Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under
204.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
204.3 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
204.4 subdivision may not exceed \$6,700,000, plus an amount applied to the payment of costs of
204.5 issuing the bonds. The bonds may be paid from or secured by any funds available to the
204.6 city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of
204.7 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
204.8 275.61.

204.9 (b) The bonds are not subject to any provisions of the home rule charter of the city of
204.10 Detroit Lakes and are not included in computing any debt limitation applicable to the city.
204.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
204.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
204.13 under Minnesota Statutes, section 475.58, is not required.

204.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
204.15 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines
204.16 that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision
204.17 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
204.18 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
204.19 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
204.20 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an
204.21 earlier time if the city so determines by ordinance.

204.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
204.23 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section
204.24 645.021, subdivisions 2 and 3.

204.25 Sec. 18. **CITY OF ELK RIVER; TAX AUTHORIZED.**

204.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
204.27 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and as approved
204.28 by the voters at the November 6, 2018, general election, the city of Elk River may impose,
204.29 by ordinance, a sales and use tax of one-half of one percent for the purposes specified in
204.30 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
204.31 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
204.32 of the tax authorized under this subdivision.

204.33 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax
204.34 authorized under subdivision 1 must be used by the city of Elk River to:

205.1 (1) pay the costs of collecting and administering the tax;

205.2 (2) pay the capital and administrative costs of various recreational facility and park
205.3 improvements including any or all of the following: a multipurpose recreational facility
205.4 such as an ice arena, a community meeting and activity space, and a synthetic turf field
205.5 house; senior center facility improvements; Lion John Weicht Park improvements, Lions
205.6 Park Center space improvements, and a community picnic pavilion addition; youth athletic
205.7 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide
205.8 trail connection improvements; and

205.9 (3) secure and pay debt service on bonds issued to finance all or part of the projects
205.10 listed in clause (2).

205.11 (b) The total that may be raised from the tax to pay for these projects is limited to
205.12 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for
205.13 these projects.

205.14 Subd. 3. **Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota
205.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
205.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
205.17 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the
205.18 bonds. The bonds may be paid from or secured by any funds available to the city of Elk
205.19 River, including the tax authorized under subdivision 1. The issuance of bonds under this
205.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

205.21 (b) The bonds are not subject to any provisions of the home rule charter of the city of
205.22 Elk River and are not included in computing any debt limitation applicable to the city. Any
205.23 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
205.24 the bonds is not subject to any levy limitation. A separate election to approve the bonds
205.25 under Minnesota Statutes, section 475.58, is not required.

205.26 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
205.27 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
205.28 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision
205.29 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
205.30 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
205.31 costs due to timing of the termination under section 297A.99 shall be placed in the city's
205.32 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
205.33 so determines by ordinance.

206.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
206.2 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section
206.3 645.021, subdivisions 2 and 3.

206.4 Sec. 19. **CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

206.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
206.6 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
206.7 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half
206.8 of one percent for the purposes specified in subdivision 2, if approved by the voters at a
206.9 general election held before December 31, 2020. Except as otherwise provided in this
206.10 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
206.11 administration, collection, and enforcement of the tax authorized under this subdivision.

206.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
206.13 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and
206.14 administering the tax and to finance the capital and administrative costs of improvements
206.15 to the commons as indicated in the Commons Master Plan as adopted by the city council
206.16 on November 20, 2017. Authorized expenses include, but are not limited to, improvements
206.17 for walkability and accessibility, enhancement of beach area and facilities, prevention and
206.18 management of shoreline erosion, redesign of the port and band shell, improvement of
206.19 playground equipment, and securing and paying debt service on bonds issued under
206.20 subdivision 3 or other obligations issued to the improvements listed in this subdivision in
206.21 the city of Excelsior.

206.22 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters
206.23 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter
206.24 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,
206.25 without a second vote. The aggregate principal amount of bonds issued under this subdivision
206.26 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of
206.27 issuing the bonds. The bonds may be paid from or secured by any funds available to the
206.28 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds
206.29 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

206.30 (b) The bonds are not included in computing any debt limitation applicable to the city
206.31 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
206.32 and interest on the bonds is not subject to any levy limitation. A separate election to approve
206.33 the bonds under Minnesota Statutes, section 475.58, is not required.

207.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the later
207.2 of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that
207.3 \$7,000,000 has been received from the tax to pay for the cost of the projects authorized
207.4 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
207.5 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
207.6 after payment of all such costs and retirement or redemption of the bonds shall be placed
207.7 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
207.8 time if the city so determines by ordinance.

207.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
207.10 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section
207.11 645.021, subdivisions 2 and 3.

207.12 Sec. 20. **CITY OF GLENWOOD; TAX AUTHORIZED.**

207.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
207.14 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters
207.15 at the November 6, 2018, general election, the city of Glenwood may impose, by ordinance,
207.16 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision
207.17 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section
207.18 297A.99, govern the imposition, administration, collection, and enforcement of the tax
207.19 authorized under this subdivision. The tax may not be imposed until the city complies with
207.20 the provisions of section 31.

207.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
207.22 under subdivision 1 must be used by the city of Glenwood to pay the costs of collecting and
207.23 administering the tax and to finance, including securing and paying debt service on, all or
207.24 part of the following projects:

207.25 (1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth
207.26 in the city's capital improvement plan;

207.27 (2) the development and expansion of, and improvements to, city parks, trails, and
207.28 recreational facilities; and

207.29 (3) improvements to Glenwood City Hall and police station.

207.30 Subd. 3. **Bonding authority.** (a) The city of Glenwood may issue bonds under Minnesota
207.31 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
207.32 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
207.33 not exceed \$2,800,000, plus an amount applied to the payment of costs of issuing the bonds.

208.1 The bonds may be paid from or secured by any funds available to the city of Glenwood,
208.2 including the tax authorized under subdivision 1. The issuance of bonds under this
208.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

208.4 (b) The bonds are not subject to any provisions of the home rule charter of the city of
208.5 Glenwood and are not included in computing any debt limitation applicable to the city. Any
208.6 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
208.7 the bonds is not subject to any levy limitation. A separate election to approve the bonds
208.8 under Minnesota Statutes, section 475.58, is not required.

208.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
208.10 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
208.11 that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision
208.12 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
208.13 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
208.14 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
208.15 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an
208.16 earlier time if the city so determines by ordinance.

208.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
208.18 city of Glenwood and its chief clerical officer comply with Minnesota Statutes, section
208.19 645.021, subdivisions 2 and 3.

208.20 Sec. 21. **CITY OF INTERNATIONAL FALLS; TAX AUTHORIZED.**

208.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
208.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
208.23 and as approved by the voters at the November 6, 2018, general election, the city of
208.24 International Falls may impose, by ordinance, a sales and use tax of up to one percent for
208.25 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
208.26 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
208.27 collection, and enforcement of the tax authorized under this subdivision. The tax may not
208.28 be imposed until the city complies with the provisions of section 31.

208.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
208.30 under subdivision 1 must be used by the city of International Falls to pay the costs of
208.31 collecting and administering the tax, and paying for transportation and other public
208.32 infrastructure projects in the city, including securing and paying debt service on bonds
208.33 issued to finance all or part of these projects. The total amount of transportation and other

209.1 public infrastructure projects to be funded with the tax imposed under subdivision 1 shall
209.2 not exceed \$30,000,000, excluding associated debt service costs.

209.3 Subd. 3. **Bonding authority.** (a) The city of International Falls may issue bonds under
209.4 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
209.5 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
209.6 subdivision may not exceed \$30,000,000, plus an amount applied to the payment of costs
209.7 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
209.8 city of International Falls, including the tax authorized under subdivision 1. The issuance
209.9 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
209.10 275.61.

209.11 (b) The bonds are not subject to any provisions of the home rule charter of the city of
209.12 International Falls and are not included in computing any debt limitation applicable to the
209.13 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and
209.14 interest on the bonds is not subject to any levy limitation. A separate election to approve
209.15 the bonds under Minnesota Statutes, section 475.58, is not required.

209.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
209.17 earlier of: (1) 30 years after the tax is first imposed; or (2) when the city council determines
209.18 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision
209.19 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
209.20 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
209.21 costs due to timing of the termination under section 297A.99 shall be placed in the general
209.22 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the
209.23 city so determines by ordinance.

209.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
209.25 city of International Falls and its chief clerical officer comply with Minnesota Statutes,
209.26 section 645.021, subdivisions 2 and 3.

209.27 Sec. 22. **CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

209.28 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a
209.29 tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose
209.30 by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under
209.31 Minnesota Statutes, section 469.190. The proceeds of the tax shall be split evenly between
209.32 (1) the city chamber of commerce to promote tourism in southeastern Minnesota, and (2)
209.33 the La Crescent Area Event Center to promote local tourism.

210.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
210.2 city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section
210.3 645.021, subdivisions 2 and 3.

210.4 Sec. 23. **LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

210.5 Subdivision 1. **Lodging tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016,
210.6 or any other provision of law, ordinance, or city charter, the Board of Commissioners of
210.7 Lake County may impose, by ordinance, a tax of up to four percent on the gross receipts
210.8 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition
210.9 to any tax imposed under Minnesota Statutes, section 469.190. The total tax imposed by
210.10 the county under this section, by the city of Two Harbors under Laws 1994, chapter 587,
210.11 article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven
210.12 percent.

210.13 (b) No other city or town located in Lake County that did not impose a local sales tax
210.14 under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under
210.15 Minnesota Statutes, section 469.190, while a tax is in effect under this section.

210.16 Subd. 2. **Allowed use of revenues.** The revenues derived from the taxes imposed in
210.17 subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as
210.18 established by or contracted with the Board of Commissioners of Lake County. The Board
210.19 of Commissioners must use 75 percent of revenues for marketing the county and 25 percent
210.20 of revenues to fund and promote community events and festivals in the county. The Board
210.21 of Commissioners of Lake County must annually review the budget of the Lake County
210.22 Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised
210.23 from the taxes imposed in subdivision 1 until the Board of Commissioners approves the
210.24 annual budget.

210.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake
210.26 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
210.27 subdivisions 2 and 3.

210.28 Sec. 24. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX**
210.29 **AUTHORIZED.**

210.30 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
210.31 section 477A.016, or any ordinance, city charter, or other provision of law, the city of North
210.32 Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts
210.33 on all sales of food and beverages by a restaurant or place of refreshment, as defined by

211.1 resolution of the city, that are located within the city. For purposes of this section, "food
 211.2 and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

211.3 Subd. 2. Use of proceeds from tax. (a) The proceeds of any tax imposed under
 211.4 subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

211.5 (1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting
 211.6 Complex; and

211.7 (2) for costs related to regional tourism events.

211.8 (b) Authorized capital expenses include securing or paying debt service on bonds or
 211.9 other obligations issued to finance the construction of the Caswell Park Regional Sporting
 211.10 Complex facilities.

211.11 Subd. 3. Collection, administration, and enforcement. If the city desires, it may enter
 211.12 into an agreement with the commissioner of revenue to administer, collect, and enforce the
 211.13 taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax,
 211.14 the provisions of Minnesota Statutes, section 297A.99, related to collection, administration,
 211.15 and enforcement apply.

211.16 EFFECTIVE DATE. This section is effective the day after the governing body of the
 211.17 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section
 211.18 645.021, subdivisions 2 and 3.

211.19 Sec. 25. CITY OF PERHAM; LOCAL SALES AND USE TAX AUTHORIZED.

211.20 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
 211.21 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and
 211.22 based on the approval by the voters at the November 6, 2018, election, the city of Perham
 211.23 may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes
 211.24 specified in subdivision 2. Except as otherwise provided in this section, the provisions of
 211.25 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and
 211.26 enforcement of the tax authorized under this subdivision.

211.27 Subd. 2. Use of revenues. The revenues derived from the tax authorized under subdivision
 211.28 1 must be used by the city of Perham to:

211.29 (1) pay the costs of collecting and administering the tax;

211.30 (2) finance the capital costs of site preparation, redevelopment, renovation, and
 211.31 construction of buildings, land, and infrastructure at the site of the Perham Area Community
 211.32 Center; and

212.1 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
212.2 the improvements listed in this subdivision in the city of Perham.

212.3 Subd. 3. **Bonding authority.** (a) The city of Perham may issue bonds under Minnesota
212.4 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
212.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
212.6 not exceed \$5,200,000, plus an amount to be applied to the payment of the costs of issuing
212.7 the bonds. The bonds may be paid from or secured by any funds available to the city of
212.8 Perham, including the tax authorized under subdivision 1. The issuance of bonds under this
212.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

212.10 (b) The bonds are not included in computing any debt limitation applicable to the city
212.11 of Perham, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
212.12 and interest on the bonds is not subject to any levy limitation. A separate election to approve
212.13 the bonds under Minnesota Statutes, section 475.58, is not required.

212.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
212.15 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
212.16 that \$5,200,000 has been received from the tax to pay for the cost of the projects authorized
212.17 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
212.18 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
212.19 after payment of all such costs and retirement or redemption of the bonds shall be placed
212.20 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
212.21 time if the city so determines by ordinance.

212.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
212.23 city of Perham and its chief clerical officer comply with Minnesota Statutes, section 645.021,
212.24 subdivisions 2 and 3.

212.25 Sec. 26. **CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

212.26 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of
212.27 law, ordinance, or city charter, the city council for the city of Plymouth may impose by
212.28 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under
212.29 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under
212.30 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this
212.31 provision must not exceed six percent.

212.32 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated
212.33 and used for capital improvements to public recreational facilities and marketing and

213.1 promotion of the community, and the remaining one-third of the revenue must be used for
213.2 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

213.3 (c) The tax imposed under this authority terminates at the earlier of: (1) five years after
213.4 the tax is first imposed; or (2) December 31, 2025.

213.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
213.6 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section
213.7 645.021, subdivisions 2 and 3.

213.8 **Sec. 27. CITY OF SAUK CENTRE; TAXES AUTHORIZED.**

213.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
213.10 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
213.11 charter, the city of Sauk Centre, pursuant to approval by the voters at the general election
213.12 on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of
213.13 one percent and a \$20 motor vehicle excise tax for the purposes specified in subdivision 2.
213.14 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section
213.15 297A.99, govern the imposition, administration, collection, and enforcement of the tax
213.16 authorized under this subdivision.

213.17 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1
213.18 must be used by the city to:

213.19 (1) pay the costs of collecting and administering the tax;

213.20 (2) pay the capital costs of city infrastructure improvement projects directly related to
213.21 the reconstruction of Trunk Highway 71; and

213.22 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to
213.23 finance the improvements listed in this subdivision in the city.

213.24 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,
213.25 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate
213.26 principal amount of bonds issued under this subdivision may not exceed \$10,000,000 plus
213.27 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may
213.28 be paid from or secured by any funds available to the city, including the tax authorized
213.29 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
213.30 Statutes, sections 275.60 and 275.61.

213.31 (b) The bonds are not included in computing any debt limitation applicable to the city,
213.32 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest

214.1 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
214.2 under Minnesota Statutes, section 475.58, is not required.

214.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
214.4 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000
214.5 has been received from the tax to pay for the cost of the projects authorized under subdivision
214.6 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized
214.7 under subdivision 3, including interest on the bonds. Any funds remaining after payment
214.8 of all such costs and retirement or redemption of the bonds shall be placed in the general
214.9 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the
214.10 city so determines by ordinance.

214.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
214.12 city of Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section
214.13 645.021, subdivisions 2 and 3.

214.14 Sec. 28. **CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.**

214.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
214.16 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
214.17 and as approved by the voters at the November 6, 2018, general election, the city of Virginia
214.18 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified
214.19 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
214.20 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
214.21 of the tax authorized under this subdivision.

214.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
214.23 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and
214.24 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and
214.25 improvements of the Miner's Memorial recreation complex and convention center. Authorized
214.26 costs include engineering and construction costs and associated bond issuance costs.

214.27 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota
214.28 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
214.29 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
214.30 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the
214.31 bonds. The bonds may be paid from or secured by any funds available to the city of Virginia,
214.32 including the tax authorized under subdivision 1. The issuance of bonds under this
214.33 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

215.1 (b) The bonds are not subject to any provisions of the home rule charter of the city of
215.2 Virginia and are not included in computing any debt limitation applicable to the city. Any
215.3 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
215.4 the bonds is not subject to any levy limitation. A separate election to approve the bonds
215.5 under Minnesota Statutes, section 475.58, is not required.

215.6 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
215.7 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
215.8 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision
215.9 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
215.10 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed
215.11 costs due to timing of the termination under section 297A.99 shall be placed in the city's
215.12 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city
215.13 so determines by ordinance.

215.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
215.15 city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021,
215.16 subdivisions 2 and 3.

215.17 Sec. 29. **CITY OF WILLMAR; TAX AUTHORIZED.**

215.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
215.19 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
215.20 and as approved by the voters at the November 6, 2018, general election, the city of Willmar
215.21 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the
215.22 purposes specified in subdivision 3. Except as otherwise provided in this section, the
215.23 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
215.24 collection, and enforcement of the tax authorized under this subdivision.

215.25 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,
215.26 or any other contrary provision of law, ordinance, or city charter, the city of Willmar may
215.27 impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20
215.28 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged
215.29 within the city of Willmar in the business of selling motor vehicles at retail.

215.30 Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under
215.31 subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and
215.32 administering the taxes, and to pay for the projects listed in this subdivision, including
215.33 securing and paying debt service on bonds issued to finance all or part of these projects.
215.34 The total amount of projects to be funded with the taxes imposed under subdivisions 1 and

216.1 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service
216.2 on bonds for these projects. The amount that may be spent on each project is limited to:

216.3 (1) \$2,000,000 for a community center replacement;

216.4 (2) \$6,000,000 for new athletic fields;

216.5 (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;

216.6 (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional
216.7 Park;

216.8 (5) \$7,000,000 for storm water management infrastructure improvements; and

216.9 (6) \$10,000,000 for a new recreation and event center.

216.10 (b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate
216.11 up to ten percent of the funds designated for one or more projects listed in that paragraph
216.12 to other projects listed in that paragraph.

216.13 Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota
216.14 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
216.15 subdivision 3. The aggregate principal amount of bonds issued under this subdivision may
216.16 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the
216.17 bonds. The bonds may be paid from or secured by any funds available to the city of Willmar,
216.18 including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this
216.19 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

216.20 (b) The bonds are not subject to any provisions of the home rule charter of the city of
216.21 Willmar and are not included in computing any debt limitation applicable to the city. Any
216.22 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on
216.23 the bonds is not subject to any levy limitation. A separate election to approve the bonds
216.24 under Minnesota Statutes, section 475.58, is not required.

216.25 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire
216.26 at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council
216.27 determines that the city has received \$30,000,000 from this tax to fund the projects listed
216.28 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance
216.29 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed
216.30 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
216.31 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire
216.32 at an earlier time if the city so determines by ordinance.

217.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
217.2 city of Willmar and its chief clerical officer comply with Minnesota Statutes, section 645.021,
217.3 subdivisions 2 and 3.

217.4 Sec. 30. **CITY OF WORTHINGTON; TAX AUTHORIZED.**

217.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
217.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
217.7 and as approved by the voters at the November 6, 2018, general election, the city of
217.8 Worthington may impose, by ordinance, a sales and use tax of one-half of one percent for
217.9 the purposes specified in subdivision 3. Except as otherwise provided in this section, the
217.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
217.11 collection, and enforcement of the tax authorized under this subdivision. The taxes under
217.12 this subdivision and subdivision 2 may not be imposed until the city complies with the
217.13 provisions of section 31.

217.14 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,
217.15 or any other contrary provision of law, ordinance, or city charter, the city of Worthington
217.16 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up
217.17 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person
217.18 engaged within the city of Worthington in the business of selling motor vehicles at retail.

217.19 Subd. 3. **Use of tax revenues.** (a) The revenues derived from the taxes authorized under
217.20 subdivisions 1 and 2 must be used by the city of Worthington to pay the costs of collecting
217.21 and administering the tax and paying for the projects listed in this subdivision, including
217.22 securing and paying debt service on bonds issued to finance all or part of the following
217.23 projects:

217.24 (1) improvements to the aquatic center;

217.25 (2) improvements to the field house;

217.26 (3) improvements to the ice arena;

217.27 (4) other park and recreation capital projects and improvements;

217.28 (5) lake quality improvement; and

217.29 (6) improvements to the 10th Street plaza.

217.30 (b) The total amount of projects to be funded with the taxes imposed under subdivisions
217.31 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying
217.32 debt service on bonds for these projects.

218.1 Subd. 4. **Bonding authority.** (a) The city of Worthington may issue bonds under
218.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects
218.3 authorized in subdivision 3. The aggregate principal amount of bonds issued under this
218.4 subdivision may not exceed \$25,000,000 plus an amount applied to the payment of costs
218.5 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
218.6 city of Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance
218.7 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
218.8 275.61.

218.9 (b) The bonds are not subject to any provisions of the home rule charter of the city of
218.10 Worthington and are not included in computing any debt limitation applicable to the city.
218.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
218.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
218.13 under Minnesota Statutes, section 475.58, is not required.

218.14 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire
218.15 at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council
218.16 determines that the city has received \$25,000,000 from this tax to fund the projects listed
218.17 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance
218.18 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed
218.19 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be
218.20 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire
218.21 at an earlier time if the city so determines by ordinance.

218.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
218.23 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section
218.24 645.021, subdivisions 2 and 3.

218.25 Sec. 31. **RESOLUTION AND PUBLIC NOTICE OF SPECIFIC PROJECTS TO**
218.26 **BE FUNDED WITH A LOCAL SALES TAX.**

218.27 (a) A city authorized to impose a local sales tax based on voter approval at the November
218.28 2018 general election that is subject to this provision must meet the requirements in this
218.29 section before imposing the tax. The city must pass a resolution at a regularly scheduled
218.30 city council meeting outlining each of the specific capital projects that will be funded by
218.31 the tax and the anticipated amount of the revenues to be raised from the tax that will be used
218.32 for each project. Within allowed funding areas listed in the authorized uses of the tax revenue,
218.33 the city must give priority to funding projects of regional significance. For purposes of this
218.34 section a "specific capital project" means:

219.1 (1) a single building or structure including associated infrastructure needed to safely
219.2 access or use the building or structure;

219.3 (2) improvements within a single park or named recreation area;

219.4 (3) a contiguous trail;

219.5 (4) a contiguous segment of roadway, or two or more contiguous segments of roadway
219.6 provided that all segments of the roadway are listed, and including city infrastructure beneath
219.7 the roadway provided the infrastructure is explicitly listed; and

219.8 (5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served
219.9 by the project that is specifically described in the resolution.

219.10 (b) The resolution must be sent to the commissioner of revenue and the tax may not be
219.11 imposed until the commissioner certifies that the resolution meets the requirements of this
219.12 section. The resolution must also be published on the city's website in a manner easily
219.13 accessible to the public either through a link displayed on the city's home page or by
219.14 publishing it directly on the city's home page. The resolution must remain on the website
219.15 until the tax terminates. Only projects listed in the resolution may be funded by the local
219.16 sales tax.

219.17 (c) The authority to impose a local sales tax that is subject to this section expires on
219.18 January 1, 2021, if the commissioner has not certified that the city has passed a resolution
219.19 that meets the requirements of this section by the last business day before December 31,
219.20 2020.

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

219.22

ARTICLE 8

219.23

TAX INCREMENT FINANCING

219.24 Section 1. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter
219.25 143, article 9, section 11, is amended to read:

219.26 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

219.27 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
219.28 activities must be undertaken within a five-year period from the date of certification of a
219.29 tax increment financing district, are increased to a ~~15-year~~ 25-year period for the Port
219.30 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,
219.31 Bloomington Central Station.

220.1 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other
220.2 law to the contrary, the city of Bloomington and its port authority may extend the duration
220.3 limits of the district for a period through December 31, 2039.

220.4 (c) Effective for taxes payable in 2014, tax increment for the district must be computed
220.5 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section
220.6 469.177, subdivision 1a.

220.7 **EFFECTIVE DATE.** This section is effective upon compliance by the city of
220.8 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

220.9 Sec. 2. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws
220.10 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

220.11 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of
220.12 Edina or its development authority may establish one or more tax increment financing
220.13 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries
220.14 exist on March 31, 2014.

220.15 (b) The authority to request certification of districts under this section expires on
220.16 December 31, ~~2019~~ 2021.

220.17 **EFFECTIVE DATE.** This section is effective without local approval under Minnesota
220.18 Statutes, section 645.023, subdivision 1, paragraph (b).

220.19 Sec. 3. Laws 2014, chapter 308, article 6, section 8, subdivision 3, is amended to read:

220.20 Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from
220.21 the Southdale 2 district for a housing project of a district established under this section as
220.22 expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph
220.23 ~~(d): (1) without regard to whether the housing meets the requirement of a qualified building~~
220.24 ~~under section 42 of the Internal Revenue Code; and (2) may increase by an additional 25~~
220.25 ~~percentage points the permitted amount of expenditures for activities located outside the~~
220.26 ~~geographic area of the district permitted under that section (b).~~

220.27 **EFFECTIVE DATE.** This section is effective upon local approval by the governing
220.28 body of the city of Edina and its compliance with the requirements of Minnesota Statutes,
220.29 section 645.021, subdivision 3.

221.1 Sec. 4. **CITY OF CHAMPLIN; TAX INCREMENT FINANCING DISTRICT;**
221.2 **PROJECT REQUIREMENTS.**

221.3 Subdivision 1. **Five-year rule.** The five-year rule under Minnesota Statutes, section
221.4 469.1763, subdivision 3, is extended to a ten-year period for the Mississippi Crossings tax
221.5 increment financing district.

221.6 Subd. 2. **Term of district.** The term of the Mississippi Crossings tax increment district
221.7 is extended an additional five years.

221.8 Subd. 3. **Revenues for decertification.** Minnesota Statutes, section 469.1763, subdivision
221.9 4, does not apply to the Mississippi Crossings tax increment financing district.

221.10 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,
221.11 section 645.021, subdivisions 2 and 3.

221.12 Sec. 5. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**
221.13 **REDEVELOPMENT PROJECT.**

221.14 Subdivision 1. **Qualifying rules.** Notwithstanding the criteria in Minnesota Statutes,
221.15 section 469.174, subdivision 10, the governing body of the city of Minneapolis may establish
221.16 by resolution one or more redevelopment tax increment financing districts within that portion
221.17 of the North Washington Industrial Park Redevelopment Project Area as its boundaries
221.18 existed on January 1, 2019, located north of Lowry Avenue. In each resolution, the city
221.19 must find that each parcel in the district was part of property that was formerly used as a
221.20 municipally owned intermodal barge shipping facility that can no longer be used for such
221.21 purpose due to the closure of the Upper St. Anthony Falls Lock under the federal Water
221.22 Resources Reform and Development Act of 2014. Except as provided in this section, the
221.23 provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to each district created
221.24 under this section.

221.25 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does
221.26 not apply to any district established under this section.

221.27 Subd. 3. **Five-year rule.** The five-year period under Minnesota Statutes, section 469.1763,
221.28 subdivision 3, is extended to ten years for any district established under this section.

221.29 Subd. 4. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,
221.30 subdivision 2, tax increments from any district established under this section may be
221.31 expended anywhere within the portion of the project area as described in subdivision 1, on
221.32 eligible costs permitted under Minnesota Statutes, sections 469.174 to 469.1794.

222.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
222.2 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section
222.3 645.021, subdivisions 2 and 3.

222.4 Sec. 6. **EXPENDITURE OF HAZARDOUS SUBSTANCE SUBDISTRICT TAX**
222.5 **INCREMENT.**

222.6 Notwithstanding the provisions of Minnesota Statutes, section 469.1763, or any other
222.7 law to the contrary, the city of Roseville and the Roseville Economic Development Authority
222.8 may use any or all increment generated from Hazardous Substance Subdistrict No. 17A for
222.9 the purpose of financing environmental remediation pursuant to one or more response action
222.10 plans on the parcels within or adjacent to the parcels in the subdistrict as originally certified,
222.11 regardless of the date of approval of the response action plan by the Pollution Control
222.12 Agency.

222.13 **EFFECTIVE DATE.** This section is effective upon compliance by the governing body
222.14 of the city of Roseville with the requirements of Minnesota Statutes, section 645.021,
222.15 subdivision 3.

222.16 Sec. 7. **CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT;**
222.17 **PROJECT REQUIREMENTS.**

222.18 Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development
222.19 Authority may establish one or more redevelopment tax increment financing districts located
222.20 in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the northeast
222.21 by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35, on the
222.22 southeast by the Duluth Harbor, on the southwest by the Compass Minerals property line
222.23 extended northwest to Interstate 35, and on the northwest by Interstate 35, together with
222.24 adjacent roads and rights-of-way; and such property is deemed to meet the requirements of
222.25 Minnesota Statutes, section 469.174, subdivision 10.

222.26 Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the
222.27 development of the property described in subdivision 1 are deemed to meet the requirements
222.28 of Minnesota Statutes, section 469.176, subdivision 4j. Minnesota Statutes, section 469.176,
222.29 subdivision 4l, does not apply to any tax increment financing district established in the area
222.30 described in subdivision 1. Eligible expenditures for any tax increment financing district
222.31 established in the area described in subdivision 1 include, without limitation, seawalls and
222.32 pier facings adjacent to the boundaries of such district.

223.1 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,
223.2 section 645.021, subdivisions 2 and 3.

223.3 Sec. 8. **CITY OF BURNSVILLE; TIF AUTHORITY.**

223.4 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
223.5 economic development authority of the city of Burnsville or the city of Burnsville may
223.6 establish one or more redevelopment districts located wholly within the area of the city of
223.7 Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville
223.8 Center mall together with adjacent rights-of-way.

223.9 Subd. 2. **Special rules.** If the city of authority establishes a tax increment financing
223.10 district under this section, the following special rules apply:

223.11 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
223.12 469.174, subdivision 10; and

223.13 (2) expenditures incurred in connection with the development of the property described
223.14 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
223.15 subdivision 4j.

223.16 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
223.17 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section
223.18 645.021.

223.19 **ARTICLE 9**

223.20 **PUBLIC FINANCE**

223.21 Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

223.22 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal
223.23 amount that the society determines necessary to provide sufficient money for achieving its
223.24 purposes, including the payment of interest on bonds of the society, the establishment of
223.25 reserves to secure its bonds, the payment of fees to a third party providing credit
223.26 enhancement, and the payment of all other expenditures of the society incident to and
223.27 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society
223.28 may be issued as bonds or notes or in any other form authorized by law. The principal
223.29 amount of bonds issued and outstanding under this section at any time may not exceed
223.30 ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding
223.31 bonds have been issued.

224.1 Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

224.2 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.

224.3 The interest rate on the drainage lien principal from the date the drainage lien statement is
224.4 recorded must be set by the board but may not exceed the rate determined by the state court
224.5 administrator for judgments under section 549.09, or six percent, whichever is greater.

224.6 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall
224.7 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.
224.8 The amount of interest must be computed on the entire unpaid principal from the date the
224.9 drainage lien was recorded to August 15 of the next calendar year, and afterwards from
224.10 August 15 to August 15 of each year.

224.11 (c) Interest is due and payable after November 1 of each year the drainage lien principal
224.12 or interest is due and unpaid.

224.13 Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

224.14 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds
224.15 under this section to finance facilities plans approved by its board and the commissioner.
224.16 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to
224.17 issue bonds under this section is in addition to any bonding authority authorized by this
224.18 chapter or other law. The amount of bonding authority authorized under this section must
224.19 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law
224.20 other than section 475.53, subdivision 4.

224.21 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds, or
224.22 the final certification of levies under subdivision 6, the district must publish notice of the
224.23 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

224.24 (c) The portion of revenue under this section for bonded debt must be recognized in the
224.25 debt service fund.

224.26 Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

224.27 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions
224.28 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~
224.29 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more
224.30 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers
224.31 agreement, may by resolution of the county board, or each of the county boards, following
224.32 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent

225.1 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor
225.2 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any
225.3 person engaged in the business of selling motor vehicles at retail, occurring within the
225.4 jurisdiction of the taxing authority.

225.5 Sec. 5. Minnesota Statutes 2018, section 297A.993, subdivision 2, is amended to read:

225.6 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated
225.7 exclusively to: (1) payment of the capital cost of a specific transportation project or
225.8 improvement; (2) payment of the costs, which may include both capital and operating costs,
225.9 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes
225.10 to school program under section 174.40; or (4) payment of transit operating costs. The
225.11 transportation or transit project or improvement must be designated by the board of the
225.12 county, or more than one county acting under a joint powers agreement. Except for taxes
225.13 for operating costs of a transit project or improvement, or for transit operations, the taxes
225.14 must terminate when revenues raised are sufficient to finance the project. Nothing in this
225.15 subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for
225.16 more than one project or improvement. A county may, by resolution, dedicate the proceeds
225.17 of the tax for a new enumerated project after a public hearing.

225.18 Sec. 6. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision
225.19 to read:

225.20 Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds,
225.21 notes, or other obligations for the purposes specified in subdivision 2. The county may also,
225.22 by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

225.23 (b) The bonds may be limited obligations, payable solely from or secured by taxes levied
225.24 under this section, and the county may also pledge its full faith, credit, and taxing power as
225.25 additional security for the bonds. A regional railroad authority within the county may also
225.26 pledge its taxing powers as additional security for the bonds.

225.27 (c) A county may issue and sell bonds in one or more series and without an election.
225.28 The county may determine how the bonds shall be secured; how the bonds will bear interest,
225.29 and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed
225.30 and be payable, and how they will mature; and how the bonds will be subject to the defaults,
225.31 redemptions, repurchases, tender options, or other terms. The county may also determine
225.32 how the bonds shall be sold.

226.1 (d) The county may enter into and perform all contracts deemed necessary or desirable
226.2 by it to issue and secure the bonds, including an indenture of trust with a trustee located
226.3 within or outside of the state.

226.4 (e) Before issuance of bonds qualifying under this section, the county must publish a
226.5 notice of its intention to issue the bonds and the date and time of a hearing to obtain public
226.6 comment on the matter. The notice must be published in the official newspaper of the county
226.7 or in a newspaper of general circulation in the county. The notice must be published at least
226.8 14, but not more than 28, days before the date of the hearing.

226.9 (f) Any project financed with bonds issued under this section must be included in a
226.10 capital improvement plan as defined in section 373.40, subdivision 3. For purposes of this
226.11 paragraph, "project" means any project described in subdivision 2, notwithstanding section
226.12 373.40, subdivision 1, paragraph (b).

226.13 (g) Except as otherwise provided in this subdivision, the bonds must be issued and sold
226.14 in the manner provided under chapter 475.

226.15 Sec. 7. Minnesota Statutes 2018, section 471.831, is amended to read:

226.16 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

226.17 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in
226.18 subdivision 2, may file a petition and seek any relief available to it under United States
226.19 Code, title 11, as amended ~~through December 31, 1996.~~

226.20 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as
226.21 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~
226.22 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and
226.23 redevelopment authority, economic development authority, or rural development financing
226.24 authority established under chapter 469, a home rule charter, or special law.

226.25 Sec. 8. Minnesota Statutes 2018, section 473.39, is amended by adding a subdivision to
226.26 read:

226.27 Subd. 1v. **Obligations.** In addition to other authority in this section, the council may
226.28 issue certificates of indebtedness, bonds, or other obligations under this section in an amount
226.29 not exceeding \$92,300,000 for capital expenditures as prescribed in the council's transit
226.30 capital improvement program and for related costs, including the costs of issuance and sale
226.31 of the obligations. Of this authorization, after July 1, 2019, the council may issue certificates
226.32 of indebtedness, bonds, or other obligations in an amount not exceeding \$45,400,000 and

227.1 after July 1, 2020, the council may issue certificates of indebtedness, bonds, or other
227.2 obligations in an additional amount not exceeding \$46,900,000.

227.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
227.4 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

227.5 Sec. 9. Minnesota Statutes 2018, section 473.39, subdivision 6, is amended to read:

227.6 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any
227.7 proceeds from certificates of indebtedness, bonds, or other obligations under ~~this section~~
227.8 subdivision 1u for project development, land acquisition, or construction to (1) establish a
227.9 light rail transit line; or (2) expand a light rail transit line, including by extending a line or
227.10 adding additional stops.

227.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and
227.12 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

227.13 Sec. 10. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

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

227.16 (a) "Bonds" mean an obligation defined under section 475.51.

227.17 (b) "Capital improvement" means acquisition or betterment of public lands, buildings
227.18 or other improvements for the purpose of a city hall, town hall, library, public safety facility,
227.19 and public works facility. An improvement must have an expected useful life of five years
227.20 or more to qualify. Capital improvement does not include light rail transit or any activity
227.21 related to it, or a park, road, bridge, administrative building other than a city or town hall,
227.22 or land for any of those facilities. For purposes of this section, "capital improvement"
227.23 includes expenditures for purposes described in this paragraph that have been incurred by
227.24 a municipality before approval of a capital improvement plan, if such expenditures are
227.25 included in a capital improvement plan approved on or before the date of the public hearing
227.26 under subdivision 2 regarding issuance of bonds for such expenditures.

227.27 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~
227.28 ~~section 368.01, subdivision 1 or 1a.~~

227.29 Sec. 11. **REPEALER.**

227.30 Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

ARTICLE 10

MISCELLANEOUS

Section 1. [16A.067] TAXPAYER RECEIPT.

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 2. Minnesota Statutes 2018, section 161.14, is amended by adding a subdivision to read:

Subd. 88. **Tom Rukavina Memorial Bridge.** The bridge on marked U.S. Highway 53 over a mining area easterly of 2nd Avenue West in the city of Virginia is designated as "Tom Rukavina Memorial Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this bridge and erect appropriate signs.

229.1 Sec. 3. Minnesota Statutes 2018, section 270C.21, is amended to read:

229.2 **270C.21 TAXPAYER ASSISTANCE GRANTS.**

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

229.5 (b) "Financial capability services" means any of the following:

229.6 (1) assistance with opening a savings or transactional account that meets the Federal
229.7 Deposit Insurance Corporation's model safe accounts template standards;

229.8 (2) assistance with depositing all or part of a tax refund into a savings or transactional
229.9 account;

229.10 (3) assistance with obtaining and reviewing a consumer report or credit score, as those
229.11 terms are defined in United States Code, title 15, section 1681a;

229.12 (4) assistance with obtaining and reviewing a banking history report;

229.13 (5) financial coaching, or referral to financial coaching services, as provided in section
229.14 256E.35, subdivision 4a;

229.15 (6) National Foundation for Credit Counseling certified consumer credit and debt
229.16 counseling or referral to these services;

229.17 (7) enrollment in a matched or incentivized savings program, including the provision
229.18 of matching or incentive funds;

229.19 (8) referral to a certified financial planner, registered investment adviser, licensed
229.20 insurance producer or agent, or a registered securities broker-dealer representative for private
229.21 sector retirement options; or

229.22 (9) assistance with purchasing a Series I United States Savings Bond with all or part of
229.23 a tax refund.

229.24 (c) "Transactional account" means a traditional demand deposit account or a general
229.25 purpose reloadable prepaid card offered by a bank or credit union.

229.26 (d) "TCE" means the Tax Counseling for the Elderly program established by the Internal
229.27 Revenue Service.

229.28 (e) "VITA" means the Volunteer Income Tax Assistance program established by the
229.29 Internal Revenue Service.

230.1 Subd. 2. Permitted use of taxpayer assistance grants. ~~When the commissioner awards~~
230.2 ~~grants to nonprofit organizations~~ (a) The commissioner may award grants to nonprofit
230.3 organizations for the following purposes:

230.4 (1) to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance
230.5 services; and

230.6 (2) to provide financial capability services integrated with the delivery of taxpayer
230.7 assistance services funded under clause (1).

230.8 (b) Grants under paragraph (a), clause (2), may only be made to qualified applicants, as
230.9 defined under subdivision 3.

230.10 Subd. 3. Qualified applicant. To be eligible to receive a grant under subdivision 2,
230.11 paragraph (a), clause (2), an applicant must:

230.12 (1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with
230.13 the Internal Revenue Service as part of either the VITA or TCE programs; and

230.14 (2) commit to dedicate at least one staff or volunteer position to coordinate financial
230.15 capability services at a VITA or TCE program site and to offer VITA or TCE program
230.16 participants free assistance with the initiation through completion of:

230.17 (i) opening a savings and a transactional account that meet the Federal Deposit Insurance
230.18 Corporation's model safe accounts template standards;

230.19 (ii) depositing all or part of a tax refund into a savings or transactional account; and

230.20 (iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

230.21 Subd. 4. Conflict of interest. (a) No applicant for a grant under subdivision 2, paragraph
230.22 (a), clause (2), may receive direct compensation from a bank, credit union, or other financial
230.23 services provider or vendor in exchange for the applicant offering to program participants
230.24 the products or services of that bank, credit union, or other financial services provider or
230.25 vendor.

230.26 (b) No applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive
230.27 funding from a bank, credit union, or other financial services provider or vendor that is
230.28 contingent on the applicant offering products or services of that bank, credit union, or other
230.29 financial services provider or vendor to program participants.

230.30 (c) An applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive
230.31 funding from a bank, credit union, or other financial services provider or vendor that is not

231.1 in exchange for or contingent upon the applicant offering products or services of that bank,
231.2 credit union, or other financial services provider or vendor to program participants.

231.3 (d) An applicant or a recipient of a grant under subdivision 2, paragraph (a), clause (2),
231.4 must disclose any funding from a bank, credit union, or other financial services provider or
231.5 vendor whose products or services will be offered at the applicant's or recipient's VITA or
231.6 TCE site.

231.7 Subd. 5. **Public notice.** The commissioner must provide public notice of the grants in
231.8 a timely manner so that the grant process is completed and grants are awarded by October
231.9 1, in order for recipient organizations to adequately plan expenditures for the filing season.
231.10 At the time the commissioner provides public notice, the commissioner must also notify
231.11 nonprofit organizations that received grants in the previous biennium.

231.12 Subd. 6. **Technical assistance.** Within available appropriations, the commissioner shall
231.13 offer technical assistance to an organization that meets the requirement in subdivision 3,
231.14 clause (1). The technical assistance may include, but is not limited to:

231.15 (1) tax site development and management training;

231.16 (2) VITA and TCE site coordinator training;

231.17 (3) individual tax preparer and reviewer training on tax law;

231.18 (4) support in developing volunteer training;

231.19 (5) tax return preparation software and e-file administration training; and

231.20 (6) one-on-one support by phone and e-mail for problem solving at tax site programs.

231.21 Subd. 7. **Reporting.** A recipient of a grant under subdivision 2, paragraph (a), clause
231.22 (2), must report to the commissioner on the recipient's use of the grant money. Reporting
231.23 requirements must include but are not limited to:

231.24 (1) the number of people who receive financial capability services and what kind of
231.25 services;

231.26 (2) the number of savings or transactional accounts opened; and

231.27 (3) the number of savings bonds purchased.

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

232.1 Sec. 4. Minnesota Statutes 2018, section 289A.08, is amended by adding a subdivision to
232.2 read:

232.3 Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income
232.4 taxpayers the opportunity to elect to receive information about a taxpayer receipt via e-mail
232.5 or United States mail. In the manner selected by the taxpayer, the commissioner must provide
232.6 the taxpayer with information about how to access the taxpayer receipt website established
232.7 under section 16A.067. The commissioner must allow a taxpayer to elect not to receive
232.8 information about the receipt.

232.9 (b) Both the long and short forms described in subdivision 13 must include the
232.10 opportunity to elect to receive information about the receipt.

232.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
232.12 31, 2018.

232.13 Sec. 5. **[469.50] DEFINITIONS.**

232.14 Subdivision 1. **Application.** For the purposes of section 11 and sections 469.50 to 469.53,
232.15 the terms defined in this section have the meanings given them.

232.16 Subd. 2. **City.** "City" means the city of Duluth.

232.17 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and
232.18 economic development.

232.19 Subd. 4. **County.** "County" means St. Louis County.

232.20 Subd. 5. **District.** "District" means the regional exchange district established under
232.21 section 469.51.

232.22 Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit
232.23 integrated health system with two hospitals located within the district.

232.24 Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit
232.25 health system operating one hospital within the district.

232.26 Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a
232.27 project financed in whole or in part with public money in order to support development in
232.28 the district. A public infrastructure project may:

232.29 (1) acquire real property and other assets associated with the real property;

232.30 (2) demolish, repair, or rehabilitate buildings;

233.1 (3) remediate land and buildings as required to prepare the property for acquisition or
233.2 development;

233.3 (4) install, construct, or reconstruct elements of public infrastructure required to support
233.4 the overall development of the district, including but not limited to: streets, roadways,
233.5 highways, and utilities systems and related facilities, including relocations and realignments;
233.6 structural caps or streetscape improvements; bridges or other buildable pads above streets,
233.7 roadways, highways, and other rights-of-way; network and communication systems; drainage
233.8 systems; sewer and water systems; district energy systems; subgrade structures and associated
233.9 improvements; landscaping; facade construction and restoration; wayfinding and signage;
233.10 and other components of community infrastructure;

233.11 (5) acquire, construct or reconstruct, and equip parking facilities, transit stations, and
233.12 other facilities to encourage intermodal transportation and transit;

233.13 (6) install, construct or reconstruct, furnish, and equip parks and trails; cultural,
233.14 community, educational, and recreational facilities; facilities to promote tourism and
233.15 hospitality, conferencing, and conventions; and broadcast and related multimedia
233.16 infrastructure;

233.17 (7) make related site improvements, including, without limitation, excavation, earth
233.18 retention, soil stabilization and correction, foundation and substructure, vertical circulation
233.19 systems, and other site improvements to support a district; and

233.20 (8) demolition of vacated medical facilities and other related buildings and structures
233.21 and preparation of the facilities, buildings, and structures for development.

233.22 (b) A public infrastructure project is not a business subsidy under section 116J.993.

233.23 **Subd. 9. Regional Exchange District Advisory Board; advisory board;**
233.24 **REDAB. "Regional Exchange District Advisory Board," "advisory board," or "REDAB"**
233.25 **means the advisory board established under section 469.515.**

233.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
233.27 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
233.28 subdivisions 2 and 3.

233.29 **Sec. 6. [469.51] REGIONAL EXCHANGE DISTRICT.**

233.30 **Subdivision 1. Creation; boundaries.** There is established in the city a regional exchange
233.31 district. The regional exchange district is bounded by: East 6th Street from North 3rd Avenue
233.32 East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd

234.1 Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th
 234.2 Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake
 234.3 Superior waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North
 234.4 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East
 234.5 from Lake Place Park at the Lake Superior waterfront to East 6th Street, excluding any
 234.6 property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

234.7 Subd. 2. **Purpose; findings.** The public purposes of the district are to facilitate:

234.8 (1) repurposing vacant or underutilized public land, or unutilized property interests such
 234.9 as air rights, for development or redevelopment and to incent significant private investment;

234.10 (2) redeveloping vacant or underutilized private land to increase its potential to generate
 234.11 taxes and create jobs or to provide housing or meet other community needs; and

234.12 (3) development by the anchoring institutions in the community, such as health care
 234.13 organizations and institutions of higher education, to create opportunities to improve the
 234.14 economy of the city and greater Minnesota regions and attract and retain a workforce.

234.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 234.16 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 234.17 subdivisions 2 and 3.

234.18 Sec. 7. **[469.515] REGIONAL EXCHANGE DISTRICT ADVISORY BOARD.**

234.19 Subdivision 1. **Advisory board membership.** The Regional Exchange District Advisory
 234.20 Board consists of nine members appointed as follows:

234.21 (1) the mayor of the city or the mayor's designee;

234.22 (2) a city council member, appointed by the council;

234.23 (3) two representatives of the medical business entity west, appointed by and serving at
 234.24 the pleasure of the medical business entity west;

234.25 (4) one representative of the medical business entity east, appointed by and serving at
 234.26 the pleasure of the medical business entity east;

234.27 (5) one member appointed by the Duluth Greater Downtown Council;

234.28 (6) one representative of the local building and trades council appointed by the Duluth
 234.29 building and construction trades council; and

234.30 (7) two representatives appointed by the governor, one of whom has expertise in housing
 234.31 policy and finance.

235.1 Subd. 2. **Conflict of interest.** A person appointed as provided in subdivision 1, clause
235.2 (1), (2), (5), (6), or (7), must not be employed by or affiliated with either medical business
235.3 entity.

235.4 Subd. 3. **Terms; vacancies.** The appointing authorities must make their respective
235.5 appointments by June 30, 2019. Members shall serve for four-year terms, except that a
235.6 member appointed under subdivision 1, clauses (1) and (2), serves for a term coterminous
235.7 with the term of the elected office, but may be reappointed. Of the members appointed in
235.8 subdivision 1, clauses (3) and (7), one member serves from the date of appointment until
235.9 the first Tuesday after the first Monday in January 2022, and the other member serves from
235.10 the date of appointment until the first Tuesday after the first Monday in January 2024. A
235.11 vacancy occurs as provided in section 15.059.

235.12 Subd. 4. **Duties.** The duties of the advisory board are to provide the city with advice and
235.13 guidance in developing an overall development plan for the regional exchange district;
235.14 prepare a proposed development plan for the district for approval by the city council; propose
235.15 modifications to the development plan for city council approval; and recommend to the city
235.16 council proposed public infrastructure projects not specifically listed in the plan that the
235.17 board designates as consistent with the development plan adopted by the city. The advisory
235.18 board is also responsible for the following activities related to the district:

235.19 (1) on behalf of a medical entity, certify to the city that all incurred expenses related to
235.20 the private investment are accurate;

235.21 (2) review all proposed uses of state financial instruments to ensure they are consistent
235.22 with Minnesota law;

235.23 (3) work with a medical entity and the city to acquire or dispose of real estate and
235.24 facilitate all transactions associated with development in the district;

235.25 (4) develop patient, visitor, and community outreach programs for the district;

235.26 (5) develop and implement a plan for economic development outcomes related to the
235.27 district; and

235.28 (6) by January 31 of each year, submit a report to the commissioner and the chairs and
235.29 ranking minority members of the legislative committees with jurisdiction over economic
235.30 development. The report must include a copy of the development plan and a list of any
235.31 changes to the plan, the progress of projects identified in the development plan, and a list
235.32 of the actual costs and financing sources.

236.1 Subd. 5. **Open meetings; data practices.** The advisory board and committee or
236.2 subcommittee of the advisory board is subject to the Open Meeting Law in chapter 13D
236.3 and is a government entity for purposes of chapter 13.

236.4 Subd. 6. **Chair.** The board must elect a chair from among the governor's appointees
236.5 every two years.

236.6 Subd. 7. **Compensation; expense reimbursement.** The city may compensate members
236.7 and reimburse members for expenses as provided in section 15.0575, subdivision 3. For
236.8 purposes of this subdivision, the member representing the medical business entity shall be
236.9 treated as an employee of a political subdivision.

236.10 Subd. 8. **Removal.** A member may be removed as provided in section 15.0575.

236.11 Subd. 9. **Staff.** The board may hire an executive director and other staff as the board
236.12 requires. The city shall pay all staff salaries and benefits.

236.13 Subd. 10. **Contract for services.** The advisory board, through the staff assigned to the
236.14 district, may contract for the services of financial advisors, other consultants, agents, public
236.15 accountants, legal counsel, and other persons needed to perform its duties and exercise its
236.16 powers.

236.17 Subd. 11. **Costs.** All costs incurred by the advisory board and staff assigned to the district
236.18 shall be paid by the city.

236.19 Subd. 12. **Expiration.** The advisory board terminates 25 years after it first meets.

236.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
236.21 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
236.22 subdivisions 2 and 3.

236.23 Sec. 8. **[469.517] COMPREHENSIVE DEVELOPMENT PLAN FOR REGIONAL**
236.24 **EXCHANGE DISTRICT.**

236.25 (a) REDAB must prepare a comprehensive development plan by March 31, 2021. The
236.26 comprehensive plan must, to the extent practicable, provide the following:

236.27 (1) an outline for the development of the district to meet the purpose and findings in
236.28 section 469.51, subdivision 2;

236.29 (2) the extension of 6th Avenue East, primary street improvements, and related structural
236.30 and safety improvements;

237.1 (3) construction of parking structures for the medical business west and for the medical
237.2 business east, with the parking structures also supporting the public needs of surrounding
237.3 neighborhoods and the district. The comprehensive development plan must require that
237.4 public financing for the construction of parking structures is not available until the
237.5 commissioner determines that \$50,000,000 has been committed to the project from private
237.6 sources;

237.7 (4) extensions or connections of district energy utility infrastructure to existing and new
237.8 buildings and facilities within the district to meet the medical facilities' thermal energy
237.9 needs;

237.10 (5) subgrade structures and design and completion of the structural frame cap over
237.11 marked Interstate Highway 35;

237.12 (6) demolition of vacated medical facilities and other related buildings and structures
237.13 and preparation of the site for redevelopment;

237.14 (7) discussion of how the development plans will increase economic activity and housing
237.15 availability, including affordable housing, in the city and fit into the city's long-term
237.16 comprehensive development plans;

237.17 (8) a specific list of public infrastructure projects that meet the purposes and findings
237.18 listed in section 469.51, subdivision 2; and

237.19 (9) the criteria that will be used by the advisory board in evaluating whether a public
237.20 infrastructure project not specifically listed in the plan under clause (3) is consistent with
237.21 the proposed development plan.

237.22 (b) Any development plan must be approved by six members of the advisory board prior
237.23 to submitting the plan to the city council for consideration. The development plan for the
237.24 district is not adopted until approved by the city council. If the city council rejects the initial
237.25 development plan proposed by the advisory board, the board may revise the development
237.26 plan and resubmit the plan. Section 15.99 does not apply to review and approval of the
237.27 development plan. The city must not spend any appropriation support payments from the
237.28 state until it has approved a development plan, or an initial development plan under section
237.29 11, proposed by the advisory board.

237.30 (c) REDAB may propose modifications to the development plan at any time; however,
237.31 all changes are subject to approval by the city council.

238.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
238.2 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
238.3 subdivisions 2 and 3.

238.4 Sec. 9. **[469.52] CITY POWERS; DUTIES.**

238.5 Subdivision 1. **Port authority powers.** The city may exercise the powers of a port
238.6 authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50
238.7 to 469.53.

238.8 Subd. 2. **Steel products.** The city must require that a public infrastructure project use
238.9 steel products made from iron ore mined from the taconite assistance area as defined in
238.10 section 273.1341 to the extent practicable. In determining whether it is practicable, the city
238.11 may consider the exceptions to the requirement by Public Law 111-5, section 1605.

238.12 Subd. 3. **City contracts; construction requirements.** For all public infrastructure
238.13 projects, the city must make reasonable efforts to hire and cause the construction manager
238.14 and any subcontractors to employ women and members of minority communities. Goals
238.15 for construction contracts must be established in the manner required under the city's
238.16 disadvantaged business enterprises plan.

238.17 Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law
238.18 to the contrary, the city is not required to use competitive bidding with respect to a parking
238.19 facility or other public improvements constructed in conjunction with, and directly above
238.20 or below, or adjacent and integrally related to, a private development within a district.

238.21 Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed pursuant
238.22 to the development plan must charge market rate parking fees, except for use separately
238.23 negotiated between the city and a church whose parking facility is removed to accommodate
238.24 construction of a parking ramp.

238.25 Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance
238.26 improvements made within the district for sanitary sewer, storm sewer, and water systems
238.27 and other related utility improvements. The improvements must be included in the
238.28 development plan approved by the board. The total expenditures required under this
238.29 subdivision and under Laws 1980, chapter 511, section 1, subdivision 1, paragraph (d), as
238.30 added by article 7, section 5, must equal at least \$20,000,000.

238.31 Subd. 7. **Project approval; notice; hearing.** Public infrastructure projects may be
238.32 undertaken within the district by the city if the project is listed in the development plan or
238.33 is recommended to the city by REDAB and is approved by the city. The city must hold a

239.1 public hearing before approving a public infrastructure project for local funding provided
239.2 pursuant to section 469.53. At least ten days before the hearing, the city must publish notice
239.3 of the hearing in the official newspaper of the city.

239.4 Subd. 8. **City support.** The city must provide financial and administrative support, and
239.5 office and other space, to the advisory board.

239.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
239.7 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
239.8 subdivisions 2 and 3.

239.9 Sec. 10. **[469.53] LOCAL VALUE CAPTURE AUTHORITY.**

239.10 Subdivision 1. **Special abatement rules.** (a) If the city or county elects to use tax
239.11 abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure
239.12 projects, or to finance the costs of a joint project between the city and county, including all
239.13 financing costs, the special rules under this subdivision apply.

239.14 (b) The limitations under section 469.1813, subdivision 6, do not apply.

239.15 (c) The limitations under section 469.1813, subdivision 8, do not apply, and property
239.16 taxes abated by the city or county to finance costs of public infrastructure projects are not
239.17 included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement
239.18 for other purposes.

239.19 Subd. 2. **Special tax increment financing rules.** If the city elects to establish one or
239.20 more redevelopment tax increment financing districts within a regional exchange district
239.21 to fund public infrastructure projects, the requirements, definitions, limitations, or restrictions
239.22 in the following statutes do not apply: sections 469.174, subdivisions 10 and 25, clause (2);
239.23 469.176, subdivisions 4j, 4l, and 5; and 469.1763, subdivisions 2, 3, and 4. The provisions
239.24 of this subdivision expire effective for tax increments expended after December 31, 2055.
239.25 After that date, the provisions of section 469.1763, subdivision 4, apply to any remaining
239.26 unspent or unobligated increments.

239.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
239.28 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
239.29 subdivisions 2 and 3.

240.1 Sec. 11. INITIAL DEVELOPMENT PLAN FOR REGIONAL EXCHANGE
240.2 DISTRICT.

240.3 (a) REDAB must prepare a proposed initial development plan for the district and submit
240.4 the plan to the city by March 31, 2020. The initial plan must provide the following:

240.5 (1) an outline for the development of the district to meet the purpose and findings in
240.6 Minnesota Statutes, section 469.51, subdivision 2;

240.7 (2) the extension of 6th Avenue East, primary street improvements, and related structural
240.8 and safety improvements;

240.9 (3) construction of parking structures for the medical business west and for the medical
240.10 business east, with the parking structures also supporting the public needs of surrounding
240.11 neighborhoods and the district. The initial development plan must require that public
240.12 financing for the construction of parking structures is not available until the commissioner
240.13 of employment and economic development determines that \$50,000,000 has been committed
240.14 to the project from private sources; and

240.15 (4) extensions or connections of district energy utility infrastructure to existing and new
240.16 buildings and facilities within the district to meet the medical facilities' thermal energy
240.17 needs.

240.18 (b) The initial development plan must be approved by six members of the advisory board
240.19 prior to submitting the plan to the city council for consideration. The initial development
240.20 plan for the district is not adopted until approved by the city council. If the city council
240.21 rejects the initial development plan proposed by the advisory board, the board may revise
240.22 the initial development plan and resubmit the plan. Section 15.99 does not apply to review
240.23 and approval of the development plan. The city must not spend any appropriation support
240.24 payments from the state until it has approved an initial development plan proposed by the
240.25 advisory board.

240.26 (c) REDAB may propose modifications to the initial development plan at any time;
240.27 however, all changes are subject to approval by the city council.

240.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
240.29 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
240.30 subdivisions 2 and 3.

241.1 Sec. 12. APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.

241.2 \$400,000 in fiscal year 2020 and \$400,000 in fiscal year 2021 are appropriated from the
241.3 general fund to the commissioner of revenue for grants under Minnesota Statutes, section
241.4 270C.21, subdivision 2. These amounts are in addition to any other amounts appropriated
241.5 by law. Of the amount appropriated, up to five percent may be used for the administration
241.6 of the taxpayer assistance grants program.

241.7 Sec. 13. APPROPRIATION; TAXPAYER RECEIPT.

241.8 \$100,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
241.9 of management and budget to develop and publish the taxpayer receipt under section
241.10 16A.067. The base funding for this program is \$47,000 in fiscal year 2022 and thereafter.

241.11 **ARTICLE 11**

241.12 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**
241.13 **FRANCHISE TAXES: POLICY CHANGES**

241.14 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

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

241.18 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
241.19 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional
241.20 income over \$77,000. In no case is the subtraction less than zero.

241.21 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.
241.22 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.
241.23 In no case is the subtraction less than zero.

241.24 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~
241.25 one-half the maximum subtraction for joint returns under paragraph (b). The maximum
241.26 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the
241.27 threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

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

242.1 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in
242.2 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section
242.3 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue
242.4 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner
242.5 shall then determine the percentage change from the 12 months ending on August 31, 2016,
242.6 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12
242.7 months ending on August 31, 2016, to the 12 months ending on August 31 of the year
242.8 preceding the taxable year. The determination of the commissioner pursuant to this
242.9 subdivision must not be considered a rule and is not subject to the Administrative Procedure
242.10 Act contained in chapter 14, including section 14.386. The maximum subtraction and
242.11 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount
242.12 ends in \$5, the amount is rounded up to the nearest \$10 amount.

242.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
242.14 31, 2018.

242.15 Sec. 2. Minnesota Statutes 2018, section 290.0137, is amended to read:

242.16 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**
242.17 **SALE GAINS.**

242.18 (a) In the case of a nonresident individual or a person who becomes a nonresident
242.19 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized
242.20 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated
242.21 in Minnesota during the year of sale, including any income or gain to be recognized in future
242.22 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

242.23 (1) For the purposes of this paragraph, an individual who becomes a nonresident of
242.24 Minnesota in any year after an installment sale is required to recognize the full amount of
242.25 any income or gain described in this paragraph on the individual's final Minnesota resident
242.26 tax return to the extent that such income has not been recognized in a prior year.

242.27 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)
242.28 of the Internal Revenue Code.

242.29 (3) For the purposes of this section, "installment sale" means any installment sale under
242.30 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a
242.31 method of accounting authorized under subchapter E of the Internal Revenue Code that
242.32 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

243.1 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~
243.2 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~
243.3 ~~to Minnesota under section 290.17.~~

243.4 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing
243.5 unrecognized installment sale gains by making an election under this paragraph. The election
243.6 must be filed on a form to be determined or prescribed by the commissioner and must be
243.7 filed by the due date of the individual income tax return, including any extension. Electing
243.8 taxpayers must make an irrevocable agreement to:

243.9 (1) file Minnesota tax returns in all subsequent years when gains from the installment
243.10 sales are recognized and reported to the Internal Revenue Service;

243.11 (2) allocate gains to the state of Minnesota as though the gains were realized in the year
243.12 of sale under section 290.17, 290.191, or 290.20; and

243.13 (3) include all relevant federal tax documents reporting the installment sale with
243.14 subsequent Minnesota tax returns.

243.15 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must
243.16 be excluded from taxable net income in any future year that the taxpayer files a Minnesota
243.17 tax return to the extent that the income or gain has already been subject to tax pursuant to
243.18 paragraph (a).

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

243.20 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

243.21 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
243.22 imposed by this chapter upon married individuals filing joint returns and surviving spouses
243.23 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
243.24 their taxable net income the following schedule of rates:

243.25 (1) On the first \$35,480, 5.35 percent;

243.26 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

243.27 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

243.28 (4) On all over \$250,000, 9.85 percent.

243.29 Married individuals filing separate returns, estates, and trusts must compute their income
243.30 tax by applying the above rates to their taxable income, except that the income brackets
243.31 will be one-half of the above amounts after the adjustment required in subdivision 2d.

244.1 (b) The income taxes imposed by this chapter upon unmarried individuals must be
244.2 computed by applying to taxable net income the following schedule of rates:

244.3 (1) On the first \$24,270, 5.35 percent;

244.4 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

244.5 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

244.6 (4) On all over \$150,000, 9.85 percent.

244.7 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
244.8 a head of household as defined in section 2(b) of the Internal Revenue Code must be
244.9 computed by applying to taxable net income the following schedule of rates:

244.10 (1) On the first \$29,880, 5.35 percent;

244.11 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

244.12 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

244.13 (4) On all over \$200,000, 9.85 percent.

244.14 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
244.15 of any individual taxpayer whose taxable net income for the taxable year is less than an
244.16 amount determined by the commissioner must be computed in accordance with tables
244.17 prepared and issued by the commissioner of revenue based on income brackets of not more
244.18 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
244.19 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
244.20 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

244.21 (e) An individual who is not a Minnesota resident for the entire year must compute the
244.22 individual's Minnesota income tax as provided in this subdivision. After the application of
244.23 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
244.24 by a fraction in which:

244.25 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
244.26 defined in section 62 of the Internal Revenue Code and increased by:

244.27 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,
244.28 and 290.0137, paragraph (a); and reduced by

244.29 (ii) the Minnesota assignable portion of the subtraction for United States government
244.30 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections

245.1 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying
245.2 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

245.3 (2) the denominator is the individual's federal adjusted gross income as defined in section
245.4 62 of the Internal Revenue Code, increased by:

245.5 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,
245.6 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

245.7 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions
245.8 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

245.9 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years
245.10 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day
245.11 following final enactment.

245.12 Sec. 4. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

245.13 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
245.14 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for
245.15 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage
245.16 determined under paragraph (b). For the purpose of making the adjustment as provided in
245.17 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets
245.18 as they existed for taxable years beginning after December 31, 2012, and before January 1,
245.19 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts
245.20 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
245.21 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
245.22 \$5, it must be rounded up to the nearest \$10 amount.

245.23 (b) The commissioner shall adjust the rate brackets and by the percentage determined
245.24 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section
245.25 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the
245.26 commissioner shall then determine the percent change from the 12 months ending on August
245.27 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from
245.28 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the
245.29 year preceding the taxable year. The commissioner shall determine the rate bracket for
245.30 married filing separate returns after this adjustment is done. The rate bracket for married
245.31 filing separate must be one-half of the rate bracket for married filing joint. The determination
245.32 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
245.33 not be subject to the Administrative Procedure Act contained in chapter 14.

246.1 No later than December 15 of each year, the commissioner shall announce the specific
246.2 percentage that will be used to adjust the tax rate brackets.

246.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
246.4 31, 2018.

246.5 **ARTICLE 12**

246.6 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**
246.7 **FRANCHISE TAXES: TECHNICAL CHANGES**

246.8 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

246.9 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
246.10 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
246.11 period, as reported to the Internal Revenue Service is changed or corrected by the
246.12 commissioner of Internal Revenue or other officer of the United States or other competent
246.13 authority, or where a renegotiation of a contract or subcontract with the United States results
246.14 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
246.15 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
246.16 report the change or correction or renegotiation results in writing to the commissioner. The
246.17 report must be submitted within 180 days after the final determination and must be in the
246.18 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or
246.19 income tax return conceding the accuracy of the federal determination or a letter detailing
246.20 how the federal determination is incorrect or does not change the Minnesota tax. An amended
246.21 Minnesota income tax return must be accompanied by an amended property tax refund
246.22 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy
246.23 of the amended return with the commissioner of revenue within 180 days after filing the
246.24 amended return.

246.25 (b) For the purposes of paragraph (a), a change or correction includes any case where a
246.26 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service
246.27 under section 7121 or 7122 of the Internal Revenue Code.

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

246.29 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

246.30 Subd. 28. **Payments to horse racing license holders.** Effective with payments made
246.31 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission
246.32 who makes a payment for personal or professional services to a holder of a class C license
246.33 issued by the commission, except an amount paid as a purse, shall deduct from the payment

247.1 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount
247.2 paid to that individual by the same person during the calendar year exceeds \$600. For
247.3 purposes of the provisions of this section, a payment to any person which is subject to
247.4 withholding under this subdivision must be treated as if the payment was a wage paid by
247.5 an employer to an employee. Every individual who is to receive a payment which is subject
247.6 to withholding under this subdivision shall furnish the license holder with a statement, made
247.7 under the penalties of perjury, containing the name, address, and Social Security account
247.8 number of the person receiving the payment. No withholding is required if the individual
247.9 presents a signed certificate from the individual's employer which states that the individual
247.10 is an employee of that employer. A nonresident individual who holds a class C license must
247.11 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section
247.12 290.17, subdivision 2(1)(b)(ii)(a)(2)(i).

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

247.14 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

247.15 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate
247.16 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~
247.17 in a form and manner prescribed by the commissioner following the taxable year in which
247.18 the account was established. The account holder may be the qualified beneficiary. The
247.19 account holder may change the designated qualified beneficiary at any time, but no more
247.20 than one qualified beneficiary may be designated for an account at any one time. For purposes
247.21 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing
247.22 the designated qualified beneficiary of an account does not affect computation of the ten-year
247.23 period under section 462D.06, subdivision 2.

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

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

248.1

ARTICLE 13

248.2

PARTNERSHIP TAX; POLICY

248.3 Section 1. Minnesota Statutes 2018, section 270C.445, subdivision 6, is amended to read:

248.4 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
248.5 commissioner may impose an administrative penalty of not more than \$1,000 per violation
248.6 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
248.7 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
248.8 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
248.9 returns electronically to the state, if the commissioner determines the tax preparer engaged
248.10 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
248.11 is subject to the contested case procedure under chapter 14. The commissioner shall collect
248.12 the penalty in the same manner as the income tax. There is no right to make a claim for
248.13 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
248.14 under this paragraph are public data.

248.15 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
248.16 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
248.17 issue an administrative order to the tax preparer requiring the tax preparer to cease and
248.18 desist from committing the violation. The administrative order may include an administrative
248.19 penalty provided in paragraph (a).

248.20 (c) If the commissioner issues an administrative order under paragraph (b), the
248.21 commissioner must send the order to the tax preparer addressed to the last known address
248.22 of the tax preparer.

248.23 (d) A cease and desist order under paragraph (b) must:

248.24 (1) describe the act, conduct, or practice committed and include a reference to the law
248.25 that the act, conduct, or practice violates; and

248.26 (2) provide notice that the tax preparer may request a hearing as provided in this
248.27 subdivision.

248.28 (e) Within 30 days after the commissioner issues an administrative order under paragraph
248.29 (b), the tax preparer may request a hearing to review the commissioner's action. The request
248.30 for hearing must be made in writing and must be served on the commissioner at the address
248.31 specified in the order. The hearing request must specifically state the reasons for seeking
248.32 review of the order. The date on which a request for hearing is served by mail is the postmark
248.33 date on the envelope in which the request for hearing is mailed.

249.1 (f) If a tax preparer does not timely request a hearing regarding an administrative order
249.2 issued under paragraph (b), the order becomes a final order of the commissioner and is not
249.3 subject to review by any court or agency.

249.4 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
249.5 under paragraph (b), the hearing must be commenced within ten days after the commissioner
249.6 receives the request for a hearing.

249.7 (h) A hearing timely requested under paragraph (e) is subject to the contested case
249.8 procedure under chapter 14, as modified by this subdivision. The administrative law judge
249.9 must issue a report containing findings of fact, conclusions of law, and a recommended
249.10 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
249.11 or the submission of written arguments, whichever is later.

249.12 (i) Within five days of the date of the administrative law judge's report issued under
249.13 paragraph (h), any party aggrieved by the administrative law judge's report may submit
249.14 written exceptions and arguments to the commissioner. Within 15 days after receiving the
249.15 administrative law judge's report, the commissioner must issue an order vacating, modifying,
249.16 or making final the administrative order.

249.17 (j) The commissioner and the tax preparer requesting a hearing may by agreement
249.18 lengthen any time periods prescribed in paragraphs (g) to (i).

249.19 (k) An administrative order issued under paragraph (b) is in effect until it is modified
249.20 or vacated by the commissioner or an appellate court. The administrative hearing provided
249.21 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
249.22 the exclusive remedy for a tax preparer aggrieved by the order.

249.23 (l) The commissioner may impose an administrative penalty, in addition to the penalty
249.24 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
249.25 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
249.26 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
249.27 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
249.28 penalty order. The request for hearing must be made in writing and must be served on the
249.29 commissioner at the address specified in the order. The hearing request must specifically
249.30 state the reasons for seeking review of the order. The cease and desist order issued under
249.31 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
249.32 this paragraph. The date on which a request for hearing is served by mail is the postmark
249.33 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
249.34 timely request a hearing, the penalty order becomes a final order of the commissioner and

250.1 is not subject to review by any court or agency. A penalty imposed by the commissioner
250.2 under this paragraph may be collected and enforced by the commissioner as an income tax
250.3 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
250.4 imposed under this paragraph. A penalty imposed under this paragraph is public data.

250.5 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
250.6 commissioner may terminate the tax preparer's authority to transmit returns electronically
250.7 to the state. Termination under this paragraph is public data.

250.8 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
250.9 order.

250.10 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
250.11 action under this subdivision against a tax preparer, with respect to a return, within the
250.12 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

250.13 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
250.14 a tax preparer under this subdivision, other than with respect to a return, must be taken by
250.15 the commissioner within five years of the violation of statute.

250.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
250.17 after December 31, 2017, except that for partnerships that make an election under Code of
250.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
250.19 and applies to the same tax periods to which the election relates.

250.20 Sec. 2. Minnesota Statutes 2018, section 289A.31, subdivision 1, is amended to read:

250.21 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
250.22 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
250.23 company, and corporate franchise taxes, and interest and penalties, must be paid by the
250.24 taxpayer upon whom the tax is imposed, except in the following cases:

250.25 (1) the tax due from a decedent for that part of the taxable year in which the decedent
250.26 died during which the decedent was alive and the taxes, interest, and penalty due for the
250.27 prior years must be paid by the decedent's personal representative, if any. If there is no
250.28 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
250.29 defined in section 270C.58, subdivision 3, to the extent they receive property from the
250.30 decedent;

250.31 (2) the tax due from an infant or other incompetent person must be paid by the person's
250.32 guardian or other person authorized or permitted by law to act for the person;

251.1 (3) the tax due from the estate of a decedent must be paid by the estate's personal
251.2 representative;

251.3 (4) the tax due from a trust, including those within the definition of a corporation, as
251.4 defined in section 290.01, subdivision 4, must be paid by a trustee; and

251.5 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
251.6 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
251.7 of the business or property so far as the tax is due to the income from the business or property.

251.8 (b) Entertainment taxes are the joint and several liability of the entertainer and the
251.9 entertainment entity. The payor is liable to the state for the payment of the tax required to
251.10 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
251.11 entertainer for the amount of the payment.

251.12 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision
251.13 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
251.14 general partners.

251.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
251.16 after December 31, 2017, except that for partnerships that make an election under Code of
251.17 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
251.18 and applies to the same tax periods to which the election relates.

251.19 Sec. 3. Minnesota Statutes 2018, section 289A.37, subdivision 2, is amended to read:

251.20 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
251.21 refund occurs when the commissioner issues a payment to a person that exceeds the amount
251.22 the person is entitled to receive under law. An erroneous refund is considered an
251.23 underpayment of tax on the date issued.

251.24 (b) To the extent that the amount paid does not exceed the amount claimed by the
251.25 taxpayer, an erroneous refund does not include the following:

251.26 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
251.27 taxpayer, including but not limited to refunds of claims made under section 290.06,
251.28 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
251.29 290.0681; or 290.0692; or chapter 290A; or

251.30 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
251.31 taxpayer.

252.1 (c) The commissioner may make an assessment to recover an erroneous refund at any
252.2 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
252.3 refund was induced by fraud or misrepresentation of a material fact, the assessment may
252.4 be made at any time.

252.5 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
252.6 conducted under ~~section~~ sections 289A.38 to 289A.384.

252.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
252.8 after December 31, 2017, except that for partnerships that make an election under Code of
252.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
252.10 and applies to the same tax periods to which the election relates.

252.11 Sec. 4. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

252.12 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
252.13 any other provision of this chapter, if a taxpayer whose net income is determined under
252.14 section 290.01, subdivision 19, omits from income an amount that will under the Internal
252.15 Revenue Code extend the statute of limitations for the assessment of federal income taxes,
252.16 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
252.17 in adjustments by the Internal Revenue Service, then the period of assessment and
252.18 determination of tax will be that under the Internal Revenue Code. When a change is made
252.19 to federal income during the extended time provided under this subdivision, the provisions
252.20 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions
252.21 apply.

252.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
252.23 after December 31, 2017, except that for partnerships that make an election under Code of
252.24 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
252.25 and applies to the same tax periods to which the election relates.

252.26 Sec. 5. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

252.27 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,
252.28 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

252.29 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"
252.30 means an administrative adjustment request filed by a partnership under section 6227 of
252.31 the Internal Revenue Code.

253.1 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a
253.2 federal adjustment resulting from a partnership-level audit.

253.3 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax
253.4 under section 290.02.

253.5 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal
253.6 ownership interest in a partnership or pass-through entity.

253.7 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
253.8 on its net income under section 290.05, subdivision 1.

253.9 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount
253.10 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
253.11 item of preference, or any other item that is used by a taxpayer to compute a tax administered
253.12 under this chapter for the reviewed year whether that change results from action by the
253.13 Internal Revenue Service or other competent authority, including a partnership-level audit,
253.14 or the filing of an amended federal return, federal refund claim, or an administrative
253.15 adjustment request by the taxpayer.

253.16 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method
253.17 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
253.18 including an amended Minnesota tax return or a uniform multistate report.

253.19 Subd. 9. **Federal partnership representative.** "Federal partnership representative"
253.20 means the person the partnership designates for the taxable year as the partnership's
253.21 representative, or the person the Internal Revenue Service has appointed to act as the
253.22 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

253.23 Subd. 10. **Final determination date.** (a) "Final determination date" means:

253.24 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
253.25 other competent authority, the first day on which no federal adjustment arising from that
253.26 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
253.27 by a final decision with respect to which all rights of appeal have been waived or exhausted;

253.28 (2) for a federal adjustment arising from the filing of an amended federal return, a federal
253.29 refund claim, or the filing by a partnership of an administrative adjustment request, the day
253.30 which the amended return, refund claim, or administrative adjustment request was filed; or

253.31 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
253.32 the date on which the last party signed the agreement.

254.1 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
254.2 adjustment for which the final determination date for that federal adjustment has passed.

254.3 Subd. 12. **Indirect partner.** "Indirect partner" means either:

254.4 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
254.5 ownership interest in another partnership or pass-through entity; or

254.6 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
254.7 another partnership or pass-through entity through another indirect partner.

254.8 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
254.9 in a partnership or other pass-through entity.

254.10 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section
254.11 7701(a)(2) of the Internal Revenue Code.

254.12 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
254.13 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
254.14 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
254.15 adjustments to partnership-related items.

254.16 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
254.17 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through
254.18 entity includes but is not limited to S corporations, estates, and trusts other than grantor
254.19 trusts.

254.20 Subd. 17. **Resident partner.** "Resident partner" means an individual partner or individual
254.21 indirect partner who is a resident of Minnesota under section 290.01, subdivision 7, for the
254.22 relevant tax period.

254.23 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
254.24 is subject to a partnership-level audit from which federal adjustments arise.

254.25 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
254.26 pass-through entity.

254.27 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
254.28 has the same meaning as defined in section 512 of the Internal Revenue Code.

254.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
254.30 after December 31, 2017, except that for partnerships that make an election under Code of
254.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
254.32 and applies to the same tax periods to which the election relates.

255.1 **Sec. 6. [289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

255.2 (a) Within 180 days of a final determination date, a taxpayer must file a federal
255.3 adjustments report with the commissioner reporting all final federal adjustments by the
255.4 Internal Revenue Service or other competent authority.

255.5 (b) Within 180 days of a final determination date, a taxpayer must file a federal
255.6 adjustments report with the commissioner reporting any federal adjustments reported by
255.7 the taxpayer to the Internal Revenue Service, including but not limited to:

255.8 (1) federal refund claims;

255.9 (2) a change reported on a timely filed amended federal income tax return; and

255.10 (3) a change reported on an amended return filed pursuant to section 6225(c) of the
255.11 Internal Revenue Code.

255.12 (c) In the case of a final federal adjustment arising from a partnership-level audit or an
255.13 administrative adjustment request filed by a partnership under section 6227 of the Internal
255.14 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,
255.15 and not this section.

255.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
255.17 after December 31, 2017, except that for partnerships that make an election under Code of
255.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
255.19 and applies to the same tax periods to which the election relates.

255.20 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

255.21 **Subdivision 1. State partnership representative.** (a) With respect to an action required
255.22 or permitted to be taken by a partnership under this section, or in a proceeding under section
255.23 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the
255.24 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
255.25 shall be bound by those actions.

255.26 (b) The state partnership representative for the reviewed year is the partnership's federal
255.27 partnership representative unless the partnership, in a form and manner prescribed by the
255.28 commissioner, designates another person as its state partnership representative.

255.29 **Subd. 2. Reporting and payment requirements for partnerships and tiered**
255.30 **partners.** (a) Unless an audited partnership makes the election in subdivision 3, then, for
255.31 all final federal adjustments the audited partnership must comply with paragraph (b) and

256.1 each direct partner of the audited partnership, other than a tiered partner, must comply with
256.2 paragraph (c).

256.3 (b) No later than 90 days after the final determination date, the audited partnership must:

256.4 (1) file a completed federal adjustments report, including all partner-level information
256.5 required under section 289A.12, subdivision 3, with the commissioner;

256.6 (2) notify each of its direct partners of their distributive share of the adjustments;

256.7 (3) file an amended composite report for all direct partners who were included in a
256.8 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
256.9 additional amount that would have been due had the federal adjustments been reported
256.10 properly as required; and

256.11 (4) file amended withholding reports for all direct partners who were or should have
256.12 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
256.13 year, and pay the additional amount that would have been due had the federal adjustments
256.14 been reported properly as required.

256.15 (c) No later than 180 days after the final determination date, each direct partner, other
256.16 than a tiered partner, that is subject to a tax administered under this chapter, other than the
256.17 sales tax, must:

256.18 (1) file a federal adjustments report reporting their distributive share of the adjustments
256.19 reported to them under paragraph (b), clause (2); and

256.20 (2) pay any additional amount of tax due as if the final federal adjustment had been
256.21 properly reported, plus any penalty and interest due under this chapter, and less any credit
256.22 for related amounts paid or withheld and remitted on behalf of the direct partner under
256.23 paragraph (b), clauses (3) and (4).

256.24 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may
256.25 make an election under this subdivision to pay its assessment at the entity level. If an audited
256.26 partnership makes an election to pay its assessment at the entity level it must:

256.27 (1) no later than 90 days after the final determination date, file a completed federal
256.28 adjustments report, including the residency information for all individual partners, both
256.29 direct and indirect, and information pertaining to all other partners as prescribed by the
256.30 commissioner, and notify the commissioner that it is making the election under this
256.31 subdivision; and

257.1 (2) no later than 180 days after the final determination date, pay an amount, determined
257.2 as follows, in lieu of taxes on partners:

257.3 (i) exclude from final federal adjustments the distributive share of these adjustments
257.4 made to an exempt partner that is not unrelated business taxable income;

257.5 (ii) exclude from final federal adjustments the distributive share of these adjustments
257.6 made to a partner that has filed a federal adjustments report and paid the applicable tax, as
257.7 required under subdivision 2, for the distributive share of adjustments reported on a federal
257.8 return under section 6225(c) of the Internal Revenue Code;

257.9 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal
257.10 adjustments attributable to resident partners, both direct and indirect, for the reviewed year;

257.11 (iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all
257.12 remaining final federal adjustments for the reviewed year;

257.13 (v) determine the total distributive share of the allocated and apportioned final federal
257.14 adjustments determined in items (iii) and (iv) that are attributable to:

257.15 (A) resident partners;

257.16 (B) corporate partners and exempt partners; and

257.17 (C) the total distributive share amount allocated to all other partners;

257.18 (vi) for the total distributive share of net final federal adjustments attributed to corporate
257.19 partners and exempt partners under item (v), subitem (B), multiply the total by the highest
257.20 tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest and
257.21 penalties as applicable under this chapter;

257.22 (vii) for the total distributive share of net final federal adjustments attributable to resident
257.23 partners, and all other partners under item (v), subitems (A) and (C), multiply the total by
257.24 the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate
257.25 interest and penalties as applicable under this chapter; and

257.26 (viii) add the amount determined in item (vi) to the amount determined in item (vii),
257.27 and pay all applicable taxes, penalties, and interest to the commissioner.

257.28 (b) An audited partnership may not make an election under this subdivision to report:

257.29 (1) a federal adjustment that results in unitary business income to a corporate partner
257.30 required to file as a member of a combined report under section 290.17, subdivision 4; or

257.31 (2) any final federal adjustments resulting from an administrative adjustment request.

258.1 Subd. 4. Tiered partners and indirect partners. (a) Each tiered partner and each
258.2 indirect partner of an audited partnership that reported final federal adjustments pursuant
258.3 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:

258.4 (1) within 90 days of the report comply with the filing, reporting, and payment
258.5 requirements of subdivision 2, paragraph (b); or

258.6 (2) make the election under subdivision 3 as though it were the audited partnership.

258.7 (b) Each direct partner in a partnership making a report under paragraph (a) must, within
258.8 180 days of the report, comply with the filing, reporting, and payment requirements of
258.9 subdivision 2, paragraph (c).

258.10 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions
258.11 2 and 3, all reports and payments required to be made by the tiered and indirect partners
258.12 under this section are required to be made within 90 days after the time for the filing and
258.13 furnishing of statements to tiered partners and their partners as established by the Internal
258.14 Revenue Service under section 6226 of the Internal Revenue Code.

258.15 Subd. 5. Effects of election by partnership or tiered partner and payment of amount
258.16 due. (a) Unless the commissioner determines otherwise, the election under subdivision 3
258.17 is irrevocable.

258.18 (b) If an audited partnership or tiered partner properly reports and pays an amount
258.19 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
258.20 the partnership's direct partners on the same final federal adjustments. The direct partners
258.21 and indirect partners of the partnership who are not resident partners may not take any
258.22 deduction or credit for this amount or claim a refund of the amount in this state.

258.23 (c) Nothing in this subdivision precludes resident partners from claiming a credit against
258.24 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered
258.25 partners on the resident partner's behalf to another state or local tax jurisdiction.

258.26 Subd. 6. Failure of partnership or tiered partner to report or pay. Nothing in this
258.27 section prevents the commissioner from assessing partners or indirect partners for taxes
258.28 they owe in the event that, for any reason, a partnership or tiered partner fails to timely
258.29 make any report or payment required by this section.

258.30 EFFECTIVE DATE. This section is effective retroactively for taxable years beginning
258.31 after December 31, 2017, except that for partnerships that make an election under Code of
258.32 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
258.33 and applies to the same tax periods to which the election relates.

259.1 **Sec. 8. [289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**
259.2 **ADDITIONAL AMOUNTS.**

259.3 **Subdivision 1. Assessment of additional tax, interest, and penalties.** The commissioner
259.4 may assess additional tax, interest, and penalties following a final federal adjustment:

259.5 (1) arising from an audit by the Internal Revenue Service, including a partnership-level
259.6 audit;

259.7 (2) reported by the taxpayer on an amended federal tax return; or

259.8 (3) as part of an administrative adjustment request on or before the dates provided in
259.9 this section.

259.10 **Subd. 2. Timely and untimely reported federal adjustments.** If a taxpayer files a
259.11 federal adjustments report, within or after the periods prescribed in section 289A.382 or
259.12 289A.383, the commissioner may assess any additional Minnesota amounts including
259.13 in-lieu-of amounts, taxes, interest, and penalties at the later of:

259.14 (1) the expiration of the period of limitations in section 289A.38; or

259.15 (2) the expiration of the one-year period following the date of the filing with the
259.16 commissioner of the federal adjustments report.

259.17 **Subd. 3. Unreported reported federal adjustments.** If the taxpayer fails to file a federal
259.18 adjustments report, the commissioner may assess any additional amounts including in-lieu-of
259.19 amounts, taxes, penalties, and interest, at the later of:

259.20 (1) the expiration of the period of limitations in section 289A.38; or

259.21 (2) the expiration of the six-year period following the final determination date.

259.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
259.23 after December 31, 2017, except that for partnerships that make an election under Code of
259.24 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
259.25 and applies to the same tax periods to which the election relates.

259.26 **Sec. 9. [289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**
259.27 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**
259.28 **REVENUE SERVICE.**

259.29 Taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383
259.30 may file claims for refund related to federal adjustments made by the Internal Revenue

260.1 Service on or before the last day of the general period of limitations on claims for refund
260.2 in section 289A.40.

260.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
260.4 after December 31, 2017, except that for partnerships that make an election under Code of
260.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
260.6 and applies to the same tax periods to which the election relates.

260.7 Sec. 10. Minnesota Statutes 2018, section 289A.42, is amended to read:

260.8 **289A.42 CONSENT TO EXTEND STATUTE.**

260.9 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
260.10 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim
260.11 for refund, both the commissioner and the taxpayer have consented in writing to the
260.12 assessment or filing of a claim for refund after that time, the tax may be assessed or the
260.13 claim for refund filed at any time before the expiration of the agreed-upon period. The
260.14 period may be extended by later agreements in writing before the expiration of the period
260.15 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
260.16 period for collection of the tax.

260.17 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the
260.18 assessment of federal withholding or income taxes, the period in which the commissioner
260.19 may recompute the tax is also extended, notwithstanding any period of limitations to the
260.20 contrary, as follows:

260.21 (1) for the periods provided in section ~~289A.38, subdivisions 8 and 9~~ 289A.384,
260.22 subdivisions 2 and 3;

260.23 (2) for six months following the expiration of the extended federal period of limitations
260.24 when no change is made by the federal authority. If no change is made by the federal
260.25 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has
260.26 expired, and if the commissioner has completed a field audit of the taxpayer, no additional
260.27 changes resulting in additional tax due or a refund may be made. For purposes of this
260.28 subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

260.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
260.30 after December 31, 2017, except that for partnerships that make an election under Code of
260.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
260.32 and applies to the same tax periods to which the election relates.

261.1 Sec. 11. Minnesota Statutes 2018, section 289A.60, subdivision 24, is amended to read:

261.2 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
261.3 the commissioner a change or correction of the person's federal return in the manner and
261.4 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there
261.5 must be added to the tax an amount equal to ten percent of the amount of any underpayment
261.6 of Minnesota tax attributable to the federal change.

261.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
261.8 after December 31, 2017, except that for partnerships that make an election under Code of
261.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
261.10 and applies to the same tax periods to which the election relates.

261.11 Sec. 12. Minnesota Statutes 2018, section 290.31, subdivision 1, is amended to read:

261.12 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
261.13 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such
261.14 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
261.15 imposed under section 290.0922. Persons carrying on business as partners shall be liable
261.16 for income tax only in their separate or individual capacities.

261.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
261.18 after December 31, 2017, except that for partnerships that make an election under Code of
261.19 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
261.20 and applies to the same tax periods to which the election relates.

261.21 Sec. 13. Minnesota Statutes 2018, section 297F.17, subdivision 6, is amended to read:

261.22 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
261.23 commissioner during the one-year period beginning with the timely filing of the taxpayer's
261.24 federal income tax return containing the bad debt deduction that is being claimed. Claimants
261.25 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~
261.26 7 sections 289A.382 and 289A.383.

261.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
261.28 after December 31, 2017, except that for partnerships that make an election under Code of
261.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
261.30 and applies to the same tax periods to which the election relates.

262.1 Sec. 14. Minnesota Statutes 2018, section 297G.16, subdivision 7, is amended to read:

262.2 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
262.3 the commissioner within one year of the filing of the taxpayer's income tax return containing
262.4 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
262.5 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

262.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
262.7 after December 31, 2017, except that for partnerships that make an election under Code of
262.8 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
262.9 and applies to the same tax periods to which the election relates.

262.10 Sec. 15. Minnesota Statutes 2018, section 469.319, subdivision 4, is amended to read:

262.11 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
262.12 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
262.13 amended return with the commissioner of revenue and pay any taxes required to be repaid
262.14 within 30 days after becoming subject to repayment under this section. The amount required
262.15 to be repaid is determined by calculating the tax for the period or periods for which repayment
262.16 is required without regard to the exemptions and credits allowed under section 469.315.

262.17 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
262.18 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
262.19 revenue, within 30 days after becoming subject to repayment under this section.

262.20 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement
262.21 for the business, applying the applicable tax extension rates for each payable year and
262.22 provide a copy to the business and to the taxpayer of record. The business must pay the
262.23 taxes to the county treasurer within 30 days after receipt of the tax statement. The business
262.24 or the taxpayer of record may appeal the valuation and determination of the property tax to
262.25 the Tax Court within 30 days after receipt of the tax statement.

262.26 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority
262.27 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment
262.28 required under paragraphs (a) and (b). The commissioner may impose civil penalties as
262.29 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
262.30 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after
262.31 becoming subject to repayment under this section until the date the tax is paid. Any penalty
262.32 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,
262.33 subdivision 3, to the date of payment of the penalty.

263.1 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
263.2 amount required to be repaid to the property taxes assessed against the property for payment
263.3 in the year following the year in which the auditor provided the statement under paragraph
263.4 (c).

263.5 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
263.6 use tax is deemed to have been received on the date that the good or service was purchased
263.7 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
263.8 payable under section 469.318, a reduction of tax is deemed to have been received for the
263.9 two most recent tax years that have ended prior to the date that the business became subject
263.10 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
263.11 to have been received for the taxes payable in the year that the business became subject to
263.12 repayment under this section and for the taxes payable in the prior year.

263.13 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
263.14 within two years after the business becomes subject to repayment under subdivision 1, or
263.15 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections
263.16 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement
263.17 under paragraph (c) any time within three years after the business becomes subject to
263.18 repayment under subdivision 1.

263.19 (h) A business is not entitled to any income tax or franchise tax benefits, including
263.20 refundable credits, for any part of the year in which the business becomes subject to
263.21 repayment under this section nor for any year thereafter. Property is not exempt from tax
263.22 under section 272.02, subdivision 64, for any taxes payable in the year following the year
263.23 in which the property became subject to repayment under this section nor for any year
263.24 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
263.25 services purchased or first put to a taxable use on the day that the business becomes subject
263.26 to repayment under this section.

263.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
263.28 after December 31, 2017, except that for partnerships that make an election under Code of
263.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
263.30 and applies to the same tax periods to which the election relates.

263.31 Sec. 16. **REPEALER.**

263.32 Minnesota Statutes 2018, section 289A.38, subdivisions 7, 8, and 9, are repealed.

264.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
264.2 after December 31, 2017, except that for partnerships that make an election under Code of
264.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
264.4 and applies to the same tax periods to which the election relates.

264.5 **ARTICLE 14**

264.6 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

264.7 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

264.8 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and
264.9 rebuilding parts and materials, and lubricants, for the following are exempt:

264.10 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~
264.11 ~~exempt;~~ and

264.12 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

264.14 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

264.15 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology
264.16 equipment and computer software for use in a qualified data center, or a qualified refurbished
264.17 data center, are exempt, except that computer software maintenance agreements are exempt
264.18 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph
264.19 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,
264.20 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This
264.21 exemption includes enterprise information technology equipment and computer software
264.22 purchased to replace or upgrade enterprise information technology equipment and computer
264.23 software in a qualified data center, or a qualified refurbished data center.

264.24 (b) Electricity used or consumed in the operation of a qualified data center or qualified
264.25 refurbished data center is exempt.

264.26 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

264.27 (1) that is comprised of one or more buildings that consist in the aggregate of at least
264.28 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where
264.29 the total cost of construction or refurbishment, investment in enterprise information
264.30 technology equipment, and computer software is at least \$30,000,000 within a 48-month
264.31 period. The 48-month period begins no sooner than July 1, 2012, except that costs for

265.1 computer software maintenance agreements purchased before July 1, 2013, are not included
265.2 in determining if the \$30,000,000 threshold has been met;

265.3 (2) that is constructed or substantially refurbished after June 30, 2012, where
265.4 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
265.5 modified, including:

265.6 (i) installation of enterprise information technology equipment; environmental control,
265.7 computer software, and energy efficiency improvements; and

265.8 (ii) building improvements; and

265.9 (3) that is used to house enterprise information technology equipment, where the facility
265.10 has the following characteristics:

265.11 (i) uninterruptible power supplies, generator backup power, or both;

265.12 (ii) sophisticated fire suppression and prevention systems; and

265.13 (iii) enhanced security. A facility will be considered to have enhanced security if it has
265.14 restricted access to the facility to selected personnel; permanent security guards; video
265.15 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,
265.16 such as hand scans and retinal or fingerprint recognition; or similar security features.

265.17 In determining whether the facility has the required square footage, the square footage
265.18 of the following spaces shall be included if the spaces support the operation of enterprise
265.19 information technology equipment: office space, meeting space, and mechanical and other
265.20 support facilities. For purposes of this subdivision, "computer software" includes, but is not
265.21 limited to, software utilized or loaded at a qualified data center or qualified refurbished data
265.22 center, including maintenance, licensing, and software customization.

265.23 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
265.24 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
265.25 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
265.26 square feet, and that are located on a single parcel or contiguous parcels, where the total
265.27 cost of construction or refurbishment, investment in enterprise information technology
265.28 equipment, and computer software is at least \$50,000,000 within a 24-month period.

265.29 (e) For purposes of this subdivision, "enterprise information technology equipment"
265.30 means computers and equipment supporting computing, networking, or data storage,
265.31 including servers and routers. It includes, but is not limited to: cooling systems, cooling
265.32 towers, and other temperature control infrastructure; power infrastructure for transformation,
265.33 distribution, or management of electricity used for the maintenance and operation of a

266.1 qualified data center or qualified refurbished data center, including but not limited to exterior
266.2 dedicated business-owned substations, backup power generation systems, battery systems,
266.3 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
266.4 the maintenance and operation of the qualified data center or qualified refurbished data
266.5 center.

266.6 (f) A qualified data center or qualified refurbished data center may claim the exemptions
266.7 in this subdivision for purchases made either within 20 years of the date of its first purchase
266.8 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

266.9 (g) The purpose of this exemption is to create jobs in the construction and data center
266.10 industries.

266.11 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

266.12 (i) The commissioner of employment and economic development must certify to the
266.13 commissioner of revenue, in a format approved by the commissioner of revenue, when a
266.14 qualified data center has met the requirements under paragraph (c) or a qualified refurbished
266.15 data center has met the requirements under paragraph (d). The certification must provide
266.16 the following information regarding each qualified data center or qualified refurbished data
266.17 center:

266.18 (1) the total square footage amount;

266.19 (2) the total amount of construction or refurbishment costs and the total amount of
266.20 qualifying investments in enterprise information technology equipment and computer
266.21 software; ~~and~~

266.22 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)
266.23 in which the qualifying expenditures and purchases under clause (2) were made, but in no
266.24 case shall the period begin before July 1, 2012; and

266.25 (4) the date upon which the qualified data center first met the requirements under
266.26 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph
266.27 (d).

266.28 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must
266.29 not be issued unless the commissioner of revenue has received the certification required
266.30 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic
266.31 development ~~or the qualified data center or qualified refurbished data center claiming the~~
266.32 ~~refund; and.~~

267.1 (k) The commissioner of employment and economic development must annually notify
267.2 the commissioner of revenue of the qualified data centers that are projected to meet the
267.3 requirements under paragraph (c) and the qualified refurbished data centers that are projected
267.4 to meet the requirements under paragraph (d) in each of the next four years. The notification
267.5 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each
267.6 qualified data center or qualified refurbished data center.

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

267.8 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

267.9 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible
267.10 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~
267.11 are exempt if:

267.12 (1) the commissioner of employment and economic development certifies to the
267.13 commissioner of revenue, in a format approved by the commissioner of revenue, that the
267.14 qualified business meets the requirements under section 116J.8738;

267.15 (2) the business subsidy agreement provides that the exemption under this subdivision
267.16 applies;

267.17 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater
267.18 Minnesota identified in the business subsidy agreement; and

267.19 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the
267.20 certification of the business as a qualified business under section 116J.8738 business subsidy
267.21 agreement.

267.22 (b) Purchase and use of construction materials and supplies used or consumed in, and
267.23 equipment incorporated into, the construction of improvements to real property in greater
267.24 Minnesota are exempt if the improvements after completion of construction are to be used
267.25 in the conduct of the trade or business of the qualified business, ~~as defined in section~~
267.26 ~~116J.8738~~ and the commissioner of employment and economic development certifies to
267.27 the commissioner of revenue, in a format approved by the commissioner of revenue, that
267.28 the qualified business meets the requirements under section 116J.8738. This exemption
267.29 applies regardless of whether the purchases are made by the business or a contractor.

267.30 (c) The exemptions under this subdivision apply to a local sales and use tax.

267.31 (d) The tax on purchases imposed under this subdivision must be imposed and collected
267.32 as if the rate under section 297A.62 applied, and then refunded in the manner provided in

268.1 section 297A.75. The total amount refunded for a facility over the certification period is
268.2 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000
268.3 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be
268.4 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are
268.5 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and
268.6 the commissioner of revenue must first allocate refunds to qualified businesses eligible for
268.7 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for
268.8 refunds under this paragraph does not cancel and shall be carried forward to and available
268.9 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for
268.10 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the
268.11 amount carried over must be paid on the refund no sooner than from 90 days after July 1
268.12 of the fiscal year in which funds are available for the eligible claim.

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

268.14 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

268.15 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used
268.16 or consumed in, capital equipment incorporated into, and privately owned infrastructure in
268.17 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing
268.18 facility in the state are exempt if the commissioner of employment and economic
268.19 development certifies to the commissioner of revenue that the following criteria are met:

268.20 (1) the facility is used for the manufacturing of biologics;

268.21 (2) the total capital investment made at the facility exceeds \$50,000,000; and

268.22 (3) the facility creates and maintains at least 190 full-time equivalent positions at the
268.23 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs
268.24 that currently exist in Minnesota.

268.25 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,
268.26 and refunded in the manner provided in section 297A.75.

268.27 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility
268.28 must:

268.29 (1) initially apply to the ~~Department~~ commissioner of employment and economic
268.30 development for certification no later than one year from the final completion date of
268.31 construction, improvement, or expansion of the facility; and

269.1 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies
269.2 for a refund, the ~~owner~~ commissioner of revenue must have received written certification
269.3 from the ~~Department~~ commissioner of employment and economic development that the
269.4 facility has met the criteria of paragraph (a).

269.5 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund
269.6 payable to date, with the commissioner making annual payments of the remaining refund
269.7 until all of the refund has been paid.

269.8 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are
269.9 interchangeable and mean medical drugs or medicinal preparations produced using
269.10 technology that uses biological systems, living organisms, or derivatives of living organisms
269.11 to make or modify products or processes for specific use. The medical drugs or medicinal
269.12 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

269.14 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to
269.15 read:

269.16 **Subd. 5. Records must be kept.** Every person liable for any tax imposed by this chapter,
269.17 or for the collection thereof, shall keep such records, render such statements, make such
269.18 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

269.20 ARTICLE 15

269.21 MINNESOTACARE; TECHNICAL CHANGES

269.22 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision
269.23 to read:

269.24 **Subd. 2b. Emergency medical reasons.** "Emergency medical reasons" means a public
269.25 health emergency declaration pursuant to United States Code, title 42, section 247d; a
269.26 national security or peacetime emergency declared by the governor pursuant to section
269.27 12.31; or a situation involving an action by the commissioner of health pursuant to section
269.28 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for
269.29 purposes of this subdivision, a drug shortage not caused by a public health emergency shall
269.30 not constitute an emergency medical reason.

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

270.1 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

270.2 Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or
270.3 otherwise by:

270.4 (1) a hospital for patient services;

270.5 (2) a surgical center for patient services;

270.6 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for
270.7 patient services;

270.8 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered
270.9 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the
270.10 legend drugs are delivered to another wholesale drug distributor who sells legend drugs
270.11 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~
270.12 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

270.13 (5) a staff model health plan company as gross premiums for enrollees, co-payments,
270.14 deductibles, coinsurance, and fees for patient services.

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

270.16 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

270.17 Subd. 4. **Health care provider.** (a) "Health care provider" means:

270.18 (1) a person whose health care occupation is regulated or required to be regulated by
270.19 the state of Minnesota furnishing any or all of the following goods or services directly to a
270.20 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,
270.21 drugs, laboratory, diagnostic or therapeutic services;

270.22 (2) a person who provides goods and services not listed in clause (1) that qualify for
270.23 reimbursement under the medical assistance program provided under chapter 256B;

270.24 (3) a staff model health plan company;

270.25 (4) an ambulance service required to be licensed; ~~or~~

270.26 (5) a person who sells or repairs hearing aids and related equipment or prescription
270.27 eyewear; or

270.28 (6) a person providing patient services, who does not otherwise meet the definition of
270.29 health care provider and is not specifically excluded in clause (b), who employs or contracts
270.30 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise
270.31 oversee, or consult with regarding patient services.

271.1 (b) Health care provider does not include:

271.2 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),
271.3 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;
271.4 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,
271.5 or any other providers of transportation services other than ambulance services required to
271.6 be licensed; supervised living facilities for persons with developmental disabilities, licensed
271.7 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments
271.8 required to be registered under chapter 144D; board and lodging establishments providing
271.9 only custodial services that are licensed under chapter 157 and registered under section
271.10 157.17 to provide supportive services or health supervision services; adult foster homes as
271.11 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults
271.12 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care
271.13 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined
271.14 in Minnesota Rules, part 9555.9600;

271.15 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a
271.16 person providing personal care services and supervision of personal care services as defined
271.17 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as
271.18 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed
271.19 under chapter 144A for home care services provided under chapter 144A;

271.20 (3) a person who employs health care providers solely for the purpose of providing
271.21 patient services to its employees;

271.22 (4) an educational institution that employs health care providers solely for the purpose
271.23 of providing patient services to its students if the institution does not receive fee for service
271.24 payments or payments for extended coverage; and

271.25 (5) a person who receives all payments for patient services from health care providers,
271.26 surgical centers, or hospitals for goods and services that are taxable to the paying health
271.27 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision
271.28 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under
271.29 this chapter.

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

272.1 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
272.2 read:

272.3 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,
272.4 subdivision 14a.

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

272.6 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

272.7 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services
272.8 and other goods and services provided by hospitals, surgical centers, or health care providers.
272.9 They include the following health care goods and services provided to a patient or consumer:

272.10 (1) bed and board;

272.11 (2) nursing services and other related services;

272.12 (3) use of hospitals, surgical centers, or health care provider facilities;

272.13 (4) medical social services;

272.14 (5) drugs, biologicals, supplies, appliances, and equipment;

272.15 (6) other diagnostic or therapeutic items or services;

272.16 (7) medical or surgical services;

272.17 (8) items and services furnished to ambulatory patients not requiring emergency care;

272.18 and

272.19 (9) emergency services.

272.20 (b) "Patient services" does not include:

272.21 (1) services provided to nursing homes licensed under chapter 144A;

272.22 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,
272.23 litigation, and employment, including reviews of medical records for those purposes;

272.24 (3) services provided to and by community residential mental health facilities licensed
272.25 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment
272.26 programs for children with severe emotional disturbance licensed or certified under chapter
272.27 245A;

272.28 (4) services provided to and by community support programs and family community
272.29 support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or
272.30 certified as mental health rehabilitative services under chapter 256B; under the following

273.1 programs: day treatment services as defined in section 245.462, subdivision 8; assertive
273.2 community treatment as described in section 256B.0622; adult rehabilitative mental health
273.3 services as described in section 256B.0623; adult crisis response services as described in
273.4 section 256B.0624; children's therapeutic services and supports as described in section
273.5 256B.0943; and children's mental health crisis response services as described in section
273.6 256B.0944;

273.7 (5) services provided to and by community mental health centers as defined in section
273.8 245.62, subdivision 2;

273.9 (6) services provided to and by assisted living programs and congregate housing
273.10 programs;

273.11 (7) hospice care services;

273.12 (8) home and community-based waived services under sections 256B.0915, 256B.49,
273.13 and 256B.501;

273.14 (9) targeted case management services under sections 256B.0621; 256B.0625,
273.15 subdivisions 20, 20a, 33, and 44; and 256B.094; and

273.16 (10) services provided to the following: supervised living facilities for persons with
273.17 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;
273.18 housing with services establishments required to be registered under chapter 144D; board
273.19 and lodging establishments providing only custodial services that are licensed under chapter
273.20 157 and registered under section 157.17 to provide supportive services or health supervision
273.21 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training
273.22 and habilitation services for adults with developmental disabilities as defined in section
273.23 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;
273.24 adult day care services as defined in section 245A.02, subdivision 2a; and home health
273.25 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under
273.26 chapter 144A.

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

273.28 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
273.29 read:

273.30 **Subd. 10c. Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity
273.31 that performs pharmacy benefits management.

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

274.1 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
274.2 read:

274.3 Subd. 13a. **Third-party purchaser of health care services.** "Third-party purchaser of
274.4 health care services" includes but is not limited to a health carrier or community integrated
274.5 service network that pays for health care services on behalf of patients or that reimburses,
274.6 indemnifies, compensates, or otherwise insures patients for health care services.

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

274.8 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

274.9 Subd. 14. **Wholesale drug distributor.** "Wholesale drug distributor" means ~~a wholesale~~
274.10 ~~drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged
274.11 in wholesale drug distribution including but not limited to manufacturers; repackagers;
274.12 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and
274.13 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;
274.14 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.
274.15 A wholesale drug distributor does not include a common carrier or individual hired primarily
274.16 to transport legend drugs.

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

274.18 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

274.19 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to
274.20 bear one of the following statements: "Caution: Federal law prohibits dispensing without
274.21 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in
274.22 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

274.24 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
274.25 read:

274.26 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale
274.27 or distribution of legend drugs to a person other than a consumer or patient, but does not
274.28 include:

274.29 (1) a sale between a division, subsidiary, parent, affiliated, or related company under
274.30 the common ownership and control of a corporate entity;

275.1 (2) the purchase or other acquisition, by a hospital or other health care entity that is a
275.2 member of a group purchasing organization, of a legend drug for its own use from the
275.3 organization or from other hospitals or health care entities that are members of such
275.4 organizations;

275.5 (3) the sale, purchase, or trade of a legend drug by a charitable organization described
275.6 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December
275.7 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by
275.8 law;

275.9 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care
275.10 entities that are under common control;

275.11 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

275.12 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate
275.13 a temporary shortage; or

275.14 (7) the distribution of legend drug samples by manufacturer representatives.

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

275.16 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

275.17 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded
275.18 from the gross revenues subject to the hospital, surgical center, or health care provider taxes
275.19 under sections 295.50 to 295.59:

275.20 ~~(1) payments received for services provided under the Medicare program, including~~
275.21 ~~payments received from the government, and organizations governed by sections 1833 and~~
275.22 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~
275.23 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~
275.24 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~
275.25 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~
275.26 ~~Payments for services not covered by Medicare are taxable;~~

275.27 ~~(2) payments received for home health care services;~~

275.28 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~
275.29 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~
275.30 ~~exempt under clause (1), (7), (10), or (14);~~

276.1 ~~(4) payments received from health care providers for goods and services on which~~
276.2 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~
276.3 ~~exempt under clause (1), (7), (10), or (14);~~

276.4 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~
276.5 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~
276.6 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~
276.7 ~~under this chapter;~~

276.8 ~~(6) (1) payments received by a health care provider or the wholly owned subsidiary of~~
276.9 ~~a health care provider for care provided outside Minnesota;~~

276.10 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

276.11 ~~(8) payments received in the nature of charitable donations that are not designated for~~
276.12 ~~providing patient services to a specific individual or group;~~

276.13 ~~(9) payments received for providing patient services incurred through a formal program~~
276.14 ~~of health care research conducted in conformity with federal regulations governing research~~
276.15 ~~on human subjects. Payments received from patients or from other persons paying on behalf~~
276.16 ~~of the patients are subject to tax;~~

276.17 ~~(10) payments received from any governmental agency for services benefiting the public,~~
276.18 ~~not including payments made by the government in its capacity as an employer or insurer~~
276.19 ~~or payments made by the government for services provided under the MinnesotaCare~~
276.20 ~~program or the medical assistance program governed by title XIX of the federal Social~~
276.21 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

276.22 ~~(11) (2) government payments received by the commissioner of human services for~~
276.23 ~~state-operated services;~~

276.24 ~~(12) (3) payments received by a health care provider for hearing aids and related~~
276.25 ~~equipment or prescription eyewear delivered outside of Minnesota; and~~

276.26 ~~(13) (4) payments received by an educational institution from student tuition, student~~
276.27 ~~activity fees, health care service fees, government appropriations, donations, or grants, and~~
276.28 ~~for services identified in and provided under an individualized education program as defined~~
276.29 ~~in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee~~
276.30 ~~for service payments and payments for extended coverage are taxable;~~

276.31 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~
276.32 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~
276.33 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

277.1 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~
277.2 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~
277.3 ~~to tax.~~

277.4 (b) The following payments are exempted from the gross revenues subject to hospital,
277.5 surgical center, or health care provider taxes under sections 295.50 to 295.59:

277.6 (1) payments received for services provided under the Medicare program, including
277.7 payments received from the government and organizations governed by sections 1833,
277.8 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title
277.9 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid
277.10 by the Medicare enrollee, by Medicare supplemental coverage as described in section
277.11 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal
277.12 Social Security Act. Payments for services not covered by Medicare are taxable;

277.13 (2) payments received for home health care services;

277.14 (3) payments received from hospitals or surgical centers for goods and services on which
277.15 liability for tax is imposed under section 295.52 or the source of funds for the payment is
277.16 exempt under clauses (1), (6), (9), (10), or (11);

277.17 (4) payments received from the health care providers for goods and services on which
277.18 liability for tax is imposed under this chapter or the source of funds for the payment is
277.19 exempt under clause (1), (6), (9), (10), or (11);

277.20 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax
277.21 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs
277.22 otherwise exempt under this chapter;

277.23 (6) payments received from the chemical dependency fund under chapter 254B;

277.24 (7) payments received in the nature of charitable donations that are not designated for
277.25 providing patient services to a specific individual or group;

277.26 (8) payments received for providing patient services incurred through a formal program
277.27 of health care research conducted in conformity with federal regulations governing research
277.28 on human subjects. Payments received from patients or from other persons paying on behalf
277.29 of the patients are subject to tax;

277.30 (9) payments received from any governmental agency for services benefiting the public,
277.31 not including payments made by the government in its capacity as an employer or insurer
277.32 or payments made by the government for services provided under the MinnesotaCare

278.1 program or the medical assistance program governed by title XIX of the federal Social
 278.2 Security Act, United States Code, title 42, section 1396 to 1396v;

278.3 (10) payments received under the federal Employees Health Benefits Act, United States
 278.4 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.
 278.5 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

278.6 (11) payments received under the federal Tricare program, Code of Federal Regulations,
 278.7 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are
 278.8 subject to tax; and

278.9 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

278.10 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly
 278.11 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross
 278.12 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

278.13 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~
 278.14 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~
 278.15 ~~295.50 to 295.59.~~

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

278.17 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

278.18 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center,
 278.19 or health care provider cannot determine the actual cost or reimbursement of legend drugs
 278.20 under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause
 278.21 (5), the following method must be used:

278.22 A hospital, surgical center, or health care provider must determine the amount paid for
 278.23 legend drugs used during the month or quarter and multiply that amount by a ratio, the
 278.24 numerator of which is the total amount received for taxable patient services, and the
 278.25 denominator of which is the total amount received for all patient services, including amounts
 278.26 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable
 278.27 exemption for the monthly or quarterly cost of drugs.

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

278.29 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

278.30 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~
 278.31 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~

279.1 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~
279.2 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~
279.3 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~
279.4 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~
279.5 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~
279.6 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~
279.7 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~
279.8 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~
279.9 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~
279.10 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~
279.11 ~~purchasers of health care services including, but not limited to, third-party purchasers~~
279.12 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~
279.13 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~
279.14 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~
279.15 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~
279.16 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~
279.17 ~~or community integrated service network that pays for health care services on behalf of~~
279.18 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~
279.19 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~
279.20 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~
279.21 ~~benefits manager shall comply with this section regardless of whether the third-party~~
279.22 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~
279.23 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~
279.24 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~
279.25 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~
279.26 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~
279.27 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

279.28 (a) The tax expense generated by section 295.52 may be transferred as follows:

279.29 (1) a hospital, surgical center, or health care provider subject to the tax under section
279.30 295.52 may transfer the tax expense to all third-party contracts for the purchase of health
279.31 care services on behalf of a patient or consumer;

279.32 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the
279.33 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

279.34 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor
279.35 may transfer the tax expense to all third-party contracts for the purchase of health care

280.1 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from
280.2 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

280.3 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

280.4 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits
280.5 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

280.6 (i) gross revenues received under the third-party contract; and

280.7 (ii) co-payments and deductibles paid by the individual patient or consumer; and

280.8 (2) the tax expense must not be generated on revenues derived from payments that are
280.9 excluded or exempted from the tax under section 295.53.

280.10 (c) Payment of the transferred tax expense is required as follows:

280.11 (1) all third-party purchasers of health care services, including but not limited to
280.12 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,
280.13 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must
280.14 pay the transferred expense. This is in addition to any payments due under existing contracts
280.15 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed
280.16 under federal law; and

280.17 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay
280.18 the transferred expense.

280.19 (d) A third-party purchaser or pharmacy benefits manager must comply with this section
280.20 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,
280.21 not-for-profit, or nonprofit entity.

280.22 (e) Nothing in this section limits the ability of a hospital, surgical center, health care
280.23 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52
280.24 obligation by other methods, including increasing fees or charges.

280.25 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section
280.26 295.52 or a pharmacy that has paid the additional expense transferred under this section by
280.27 a wholesale drug distributor may file a complaint with the commissioner responsible for
280.28 regulating the third-party purchaser if at any time the third-party purchaser fails to comply
280.29 with ~~paragraph (a)~~ this section.

280.30 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at
280.31 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the
280.32 commissioner may take enforcement action against a third-party purchaser which is subject

281.1 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical
281.2 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by
281.3 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority
281.4 or license of the third-party purchaser to do business in this state if the commissioner finds
281.5 that the third-party purchaser has not complied with this section. The third-party purchaser
281.6 may appeal the commissioner's order through a contested case hearing in accordance with
281.7 chapter 14.

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

281.9

ARTICLE 16

281.10

PROPERTY TAX POLICY

281.11 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

281.12 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
281.13 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to
281.14 the commissioner of revenue the amounts to be paid.

281.15 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the
281.16 commissioner of revenue shall distribute the specified funds to cities in the same manner
281.17 as local government aid under chapter 477A. An appropriation to the commissioner ~~of~~
281.18 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes
281.19 specified in this paragraph.

281.20 (c) Notwithstanding other law to the contrary, in order to receive distributions under
281.21 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
281.22 that receives funds under this section must make and preserve records necessary to show
281.23 that the funds are spent in compliance with subdivision 4.

281.24 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

281.25 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

281.26 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements
281.27 under subdivision 1 must file a homestead application with the county assessor to initially
281.28 obtain homestead classification.

281.29 (b) The commissioner shall prescribe the content, format, and manner of the homestead
281.30 application required to be filed under this chapter pursuant to section 270C.30. The
281.31 application must clearly inform the taxpayer that this application must be signed by all

282.1 owners who occupy the property or by the qualifying relative and returned to the county
282.2 assessor in order for the property to receive homestead treatment.

282.3 (c) Every property owner applying for homestead classification must furnish to the
282.4 county assessor the Social Security number of each occupant who is listed as an owner of
282.5 the property on the deed of record, the name and address of each owner who does not occupy
282.6 the property, and the name and Social Security number of ~~each owner's~~ the spouse of each
282.7 occupying owner. The application must be signed by each owner who occupies the property
282.8 and by each owner's spouse who occupies the property, or, in the case of property that
282.9 qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

282.10 If a property owner occupies a homestead, the property owner's spouse may not claim
282.11 another property as a homestead unless the property owner and the property owner's spouse
282.12 file with the assessor an affidavit or other proof required by the assessor stating that the
282.13 property qualifies as a homestead under subdivision 1, paragraph (e).

282.14 Owners or spouses occupying residences owned by their spouses and previously occupied
282.15 with the other spouse, either of whom fail to include the other spouse's name and Social
282.16 Security number on the homestead application or provide the affidavits or other proof
282.17 requested, will be deemed to have elected to receive only partial homestead treatment of
282.18 their residence. The remainder of the residence will be classified as nonhomestead residential.
282.19 When an owner or spouse's name and Social Security number appear on homestead
282.20 applications for two separate residences and only one application is signed, the owner or
282.21 spouse will be deemed to have elected to homestead the residence for which the application
282.22 was signed.

282.23 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
282.24 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
282.25 the property to receive homestead status, a homestead application must be filed with the
282.26 assessor. The Social Security number of each relative occupying the property and the name
282.27 and Social Security number of the spouse of a relative occupying the property shall be
282.28 required on the homestead application filed under this subdivision. If a different relative of
282.29 the owner subsequently occupies the property, the owner of the property must notify the
282.30 assessor within 30 days of the change in occupancy. The Social Security number of a relative
282.31 occupying the property or the spouse of a relative occupying the property is private data on
282.32 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
282.33 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
282.34 Act to recover personal property taxes owing, to the county treasurer.

283.1 (e) The homestead application shall also notify the property owners that if the property
283.2 is granted homestead status for any assessment year, that same property shall remain
283.3 classified as homestead until the property is sold or transferred to another person, or the
283.4 owners, the spouse of the owner, or the relatives no longer use the property as their
283.5 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
283.6 be timely filed with the county auditor as provided under section 272.115. Failure to notify
283.7 the assessor within 30 days that the property has been sold, transferred, or that the owner,
283.8 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
283.9 shall result in the penalty provided under this subdivision and the property will lose its
283.10 current homestead status.

283.11 (f) If a homestead application has not been filed with the county by December 15, the
283.12 assessor shall classify the property as nonhomestead for the current assessment year for
283.13 taxes payable in the following year, provided that the owner may be entitled to receive the
283.14 homestead classification by proper application under section 375.192.

283.15 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in
283.16 2020 and thereafter.

283.17 **ARTICLE 17**

283.18 **FIRE STATE AID; TECHNICAL CHANGES**

283.19 Section 1. **[477B.01] DEFINITIONS.**

283.20 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different
283.21 meaning is intended, the following words and terms, for the purposes of this chapter and
283.22 chapters 423A and 424A, have the meanings given to them.

283.23 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

283.24 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has
283.25 the meaning given in section 60A.02, subdivision 4.

283.26 Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in
283.27 section 272.03, subdivision 14.

283.28 Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and
283.29 an independent nonprofit firefighting corporation.

283.30 Subd. 6. **Fire department service area.** "Fire department service area" means the area
283.31 serviced by a qualifying fire department that meets the requirements of section 477B.02.

284.1 Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit
284.2 firefighting corporation" means an independent nonprofit firefighting corporation that meets
284.3 the criteria in section 424A.094, subdivision 1, paragraph (a).

284.4 Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means
284.5 a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler
284.6 leakage, and extended coverage premiums received upon risks located or to be performed
284.7 in this state less return premiums and dividends, and (2) other facts that the commissioner
284.8 may require.

284.9 Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to
284.10 the position of municipal clerk or, if there is no such person, the chief financial official, the
284.11 chief administrative official, or the person primarily responsible for managing the finances
284.12 of a municipality.

284.13 Subd. 10. **Municipality.** (a) "Municipality" means:

284.14 (1) a home rule charter or statutory city;

284.15 (2) an organized town;

284.16 (3) a park district subject to chapter 398;

284.17 (4) the University of Minnesota; and

284.18 (5) an American Indian tribal government entity located within a federally recognized
284.19 American Indian reservation.

284.20 (b) This subdivision only applies to chapter 477B.

284.21 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit
284.22 firefighting corporation that has a subsidiary incorporated firefighters' relief association or
284.23 whose firefighters participate in the voluntary statewide volunteer firefighter retirement
284.24 plan.

284.25 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary
284.26 statewide volunteer firefighter retirement plan" means the retirement plan established under
284.27 chapter 353G.

284.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

285.1 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

285.2 **Subdivision 1. Qualifications for fire state aid.** A municipality or independent nonprofit
285.3 firefighting corporation qualifies to receive fire state aid if all the requirements of this section
285.4 are met.

285.5 **Subd. 2. Establishment of fire department.** (a) An independent nonprofit firefighting
285.6 corporation must be created under the nonprofit corporation act of this state operating for
285.7 the exclusive purpose of firefighting, or the governing body of a municipality must officially
285.8 establish a fire department.

285.9 (b) The fire department must have provided firefighting services for at least one calendar
285.10 year.

285.11 **Subd. 3. Personnel and benefits requirements.** (a) A fire department must have a
285.12 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

285.13 (b) The fire department must have regular scheduled meetings and frequent drills that
285.14 include instructions in firefighting tactics and in the use, care, and operation of all fire
285.15 apparatus and equipment.

285.16 (c) The fire department must have a separate subsidiary incorporated firefighters' relief
285.17 association that provides retirement benefits or must participate in the voluntary statewide
285.18 volunteer firefighter retirement plan; or if the municipality solely employs full-time
285.19 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be
285.20 provided by the public employees police and fire retirement plan.

285.21 (d) Notwithstanding paragraph (c), a municipality without a relief association as described
285.22 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other
285.23 requirements of this section are met.

285.24 **Subd. 4. Equipment requirements.** The fire department must have all of the following
285.25 equipment, or the equivalent as determined by the state fire marshal, by December 31 of
285.26 the year preceding the certification required in subdivision 8:

285.27 (1) a motorized fire truck equipped with:

285.28 (i) a motorized pump;

285.29 (ii) a 250-gallon or larger water tank;

285.30 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and
285.31 straight stream nozzles;

285.32 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

- 286.1 (v) a dry chemical extinguisher or equivalent;
- 286.2 (vi) ladders;
- 286.3 (vii) extension ladders;
- 286.4 (viii) pike poles;
- 286.5 (ix) crowbars;
- 286.6 (x) axes;
- 286.7 (xi) lanterns; and
- 286.8 (xii) fire coats, helmets, and boots;
- 286.9 (2) the items in clause (1) suitably housed in a building of good construction with facilities
- 286.10 for care of hoses and equipment;
- 286.11 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric
- 286.12 siren and suitable means of sounding an alarm; and
- 286.13 (4) if response is to be provided outside the corporate limits of the municipality where
- 286.14 the fire department is located, another piece of motorized apparatus to make the response.
- 286.15 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**
- 286.16 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must
- 286.17 file a copy of any duly executed and valid fire service contract or agreement with the
- 286.18 commissioner.
- 286.19 (b) If more than one fire department provides service to a municipality, the fire
- 286.20 departments furnishing service must enter into an agreement apportioning among themselves
- 286.21 the percentage of the population and the percentage of the estimated market value of each
- 286.22 shared service fire department service area. The agreement must be in writing and must be
- 286.23 filed with the commissioner.
- 286.24 **Subd. 6. Compliance with rules.** The fire department must meet all other requirements
- 286.25 that the commissioner establishes by rule.
- 286.26 **Subd. 7. Financial reporting requirements.** The financial reporting requirements of
- 286.27 section 424A.014 must be satisfied.
- 286.28 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if
- 286.29 retirement coverage for a fire department is provided by the voluntary statewide volunteer
- 286.30 firefighter retirement plan, the executive director of the Public Employees Retirement
- 286.31 Association must certify the existence of retirement coverage.

287.1 Subd. 9. Fire department certification to commissioner. On or before March 15 of
287.2 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the
287.3 commissioner that the fire department exists and meets the qualification requirements of
287.4 this section. The certification must be on a form prescribed by the commissioner and must
287.5 include all other information that the commissioner requires.

287.6 Subd. 10. Penalty for failure to file certification. (a) If the certification under
287.7 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner
287.8 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of
287.9 the current year aid will apply if the certification is not received within ten days of the
287.10 postmark date of the notification.

287.11 (b) The penalty for failure to file the certification under subdivision 9 is equal to the
287.12 amount of fire state aid determined for the municipality or the independent nonprofit
287.13 firefighting corporation for the current year, multiplied by five percent for each week or
287.14 fraction of a week that the certification is late. The penalty must be computed beginning
287.15 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited
287.16 as a result of the penalty revert to the state general fund. Failure to receive the certification
287.17 form is not a defense for a failure to file.

287.18 Subd. 11. Determination by commissioner. The commissioner must determine which
287.19 municipalities and independent nonprofit firefighting corporations are qualified to receive
287.20 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the
287.21 voluntary statewide volunteer firefighter retirement plan based on compliance with the
287.22 requirements of this section and the financial compliance report required under section
287.23 6.495, subdivision 3, if applicable. The commissioner may take into account any other
287.24 relevant information that comes to the attention of the commissioner when making the
287.25 determination.

287.26 EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

287.27 Sec. 3. [477B.03] CALCULATION OF FIRE STATE AID; APPEAL.

287.28 Subdivision 1. Certification and calculation of fire state aid. (a) On or before October
287.29 1, the commissioner must calculate the amount of fire state aid that each municipality or
287.30 independent nonprofit firefighting corporation is to receive.

287.31 (b) The commissioner must calculate an initial fire state aid allocation amount for each
287.32 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if
287.33 applicable, a minimum fire state aid allocation amount for each municipality or independent

288.1 nonprofit firefighting corporation under subdivision 5. The municipality or independent
288.2 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated
288.3 under subdivisions 4 and 5.

288.4 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for
288.5 apportionment, before the addition of the minimum fire state aid allocation amount under
288.6 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon
288.7 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the
288.8 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.
288.9 This amount must be reduced by the amount required to pay the state auditor's costs and
288.10 expenses of the audits or exams of the firefighters' relief associations.

288.11 (b) The total amount available for apportionment must not be less than two percent of
288.12 the premiums less return premiums reported to the commissioner by companies or insurance
288.13 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

288.14 (1) the amount required to pay the state auditor's costs and expenses of the audits or
288.15 exams of the firefighters' relief associations; and

288.16 (2) one percent of the premiums reported by township mutual insurance companies and
288.17 mutual property and casualty companies with total assets of \$5,000,000 or less.

288.18 (c) The commissioner must apportion the fire state aid to each municipality or independent
288.19 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums
288.20 reported on the Minnesota Fire Premium Reports filed under this chapter.

288.21 (d) The commissioner must calculate the percentage of increase or decrease reflected in
288.22 the apportionment over or under the previous year's available state aid using the same
288.23 premiums as a basis for comparison.

288.24 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census
288.25 figures must be used in calculations requiring the use of population figures under this chapter.
288.26 Increases or decreases in population disclosed by reason of any special census must not be
288.27 taken into consideration.

288.28 (b) The latest available estimated market value property figures must be used in
288.29 calculations requiring the use of estimated market value property figures under this chapter.

288.30 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation
288.31 amount is the amount available for apportionment as fire state aid under subdivision 2,
288.32 without the inclusion of any additional funding amount to support a minimum fire state aid
288.33 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount

289.1 is allocated one-half in proportion to the population for each fire department service area
289.2 and one-half in proportion to the estimated market value of each fire department service
289.3 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated
289.4 market value of natural resources lands receiving in lieu payments under sections 477A.11
289.5 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

289.6 (b) In the case of a municipality or independent nonprofit firefighting corporation
289.7 furnishing fire protection to other municipalities as evidenced by valid fire service contracts
289.8 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be
289.9 adjusted proportionately to take into consideration the crossover fire protection service.
289.10 Necessary adjustments must be made to subsequent apportionments.

289.11 (c) In the case of municipalities or independent nonprofit firefighting corporations
289.12 qualifying for aid, the commissioner must calculate the state aid for the municipality or
289.13 independent nonprofit firefighting corporation on the basis of the population and the estimated
289.14 market value of the area furnished fire protection service by the fire department as evidenced
289.15 by fire service agreements filed with the commissioner under section 477B.02, subdivision
289.16 5.

289.17 (d) In the case of more than one fire department furnishing contracted fire service to a
289.18 municipality, the population and estimated market value in the apportionment agreement
289.19 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating
289.20 the state aid.

289.21 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
289.22 allocation amount is the amount derived from any additional funding amount to support a
289.23 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
289.24 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
289.25 corporations with volunteer firefighters' relief associations or covered by the voluntary
289.26 statewide volunteer firefighter retirement plan. The amount is based on the number of active
289.27 volunteer firefighters who are (1) members of the relief association as reported to the Office
289.28 of the State Auditor in a specific annual financial reporting year as specified in paragraphs
289.29 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as
289.30 specified in paragraph (e).

289.31 (b) For relief associations established in calendar year 1993 or a prior year, the number
289.32 of active volunteer firefighters equals the number of active volunteer firefighters who were
289.33 members of the relief association as reported in the annual financial reporting for calendar
289.34 year 1993, but not to exceed 30 active volunteer firefighters.

290.1 (c) For relief associations established in calendar year 1994 through calendar year 1999,
290.2 the number of active volunteer firefighters equals the number of active volunteer firefighters
290.3 who were members of the relief association as reported in the annual financial reporting for
290.4 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer
290.5 firefighters.

290.6 (d) For relief associations established after calendar year 1999, the number of active
290.7 volunteer firefighters equals the number of active volunteer firefighters who are members
290.8 of the relief association as reported in the first annual financial reporting submitted to the
290.9 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

290.10 (e) If a relief association is terminated as a result of providing retirement coverage for
290.11 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under
290.12 chapter 353G, the number of active volunteer firefighters equals the number of active
290.13 volunteer firefighters of the municipality or independent nonprofit firefighting corporation
290.14 covered by the statewide plan as certified by the executive director of the Public Employees
290.15 Retirement Association to the commissioner and the state auditor, but not to exceed 30
290.16 active firefighters.

290.17 Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior
290.18 misallocations must be made to subsequent fire state aid apportionments.

290.19 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
290.20 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may
290.21 object to the amount of fire state aid apportioned to it by filing a written request with the
290.22 commissioner to review and adjust the apportionment of funds within the state. The decision
290.23 of the commissioner is subject to appeal, review, and adjustment by the district court in the
290.24 county in which the applicable municipality or independent nonprofit firefighting corporation
290.25 is located or by the Ramsey County District Court with respect to the voluntary statewide
290.26 volunteer firefighter retirement plan.

290.27 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

290.28 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

290.29 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public
290.30 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter
290.31 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation
290.32 that is a member of the voluntary statewide volunteer firefighter retirement plan under
290.33 chapter 353G, or directly to a municipality or county designated by an independent nonprofit

291.1 firefighting corporation. The payment is equal to the amount of fire state aid apportioned
291.2 to the applicable fire state aid recipient under section 477B.03.

291.3 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not
291.4 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each
291.5 month or part of a month that the amount remains unpaid after October 1.

291.6 (c) The interest under paragraph (b) does not apply when payment has not been made
291.7 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

291.8 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section
291.9 and section 477B.03 is annually appropriated to the commissioner from the general fund.

291.10 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
291.11 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement
291.12 plan under chapter 353G, the executive director of the Public Employees Retirement
291.13 Association must credit the fire state aid against future municipal contribution requirements
291.14 under section 353G.08 and must notify the municipality or the independent nonprofit
291.15 firefighting corporation of the fire state aid so credited at least annually.

291.16 (b) If the municipality or the independent nonprofit firefighting corporation is not covered
291.17 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the
291.18 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer
291.19 of the duly incorporated firefighters' relief association if there is one organized and the
291.20 association has filed a financial report with the municipality pursuant to section 424A.014,
291.21 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report
291.22 with the municipality, the treasurer of the municipality must delay transmission of the fire
291.23 state aid to the relief association until the complete financial report is filed.

291.24 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal
291.25 treasury if (1) the municipality or independent nonprofit firefighting corporation is not
291.26 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no
291.27 relief association organized, (3) the association has dissolved, or (4) the association has
291.28 been removed as trustees of state aid. The money may be disbursed from the municipal
291.29 treasury only for the purposes and in the manner set forth in section 424A.08 or for the
291.30 payment of the employer contribution requirement with respect to firefighters covered by
291.31 the public employees police and fire retirement plan under section 353.65, subdivision 3.

291.32 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.1 Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

292.2 (a) If the annual funding requirements of fire relief associations or consolidation accounts
292.3 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to
292.4 42, exceed all applicable revenue sources of a given year, including the insurance premium
292.5 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,
292.6 3, and 4, the shortfall in the annual funding requirements must be paid from the general
292.7 fund to the extent appropriated by the legislature.

292.8 (b) Nothing in this section relieves any municipality from its obligation to a relief
292.9 association or consolidation account under law.

292.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.11 Sec. 6. **PURPOSE.**

292.12 It is the intent of the legislature to make Minnesota's fire and police state aid laws more
292.13 understandable by separating and recodifying disparate administration and compliance
292.14 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity
292.15 of the recodification, prior provisions are repealed on the effective date of the new provisions.

292.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

292.17 Sec. 7. **REPEALER.**

292.18 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,
292.19 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,
292.20 are repealed.

292.21 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.22 **ARTICLE 18**

292.23 **POLICE STATE AID; TECHNICAL CHANGES**

292.24 Section 1. **[477C.01] DEFINITIONS.**

292.25 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different
292.26 meaning is intended, the following words and terms, for the purposes of this chapter and
292.27 chapter 423A have the meanings given to them.

292.28 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

292.29 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has
292.30 the meaning given in section 60A.02, subdivision 4.

293.1 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium
293.2 Report" means a form for reporting the total gross premiums, less return premiums and
293.3 dividends, on all direct business received by an insurance company in this state during the
293.4 preceding calendar year, with reference to insurance written for perils contained in auto
293.5 insurance coverages as reported to the National Association of Insurance Commissioners
293.6 and the commissioner of commerce.

293.7 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal
293.8 clerk," "municipal clerk-treasurer," or "county auditor" means:

293.9 (1) the person elected or appointed to the position of municipal clerk, municipal
293.10 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official
293.11 or the person primarily responsible for managing the finances of a municipality;

293.12 (2) for a park district, the secretary of the board of park district commissioners;

293.13 (3) for the University of Minnesota, the official designated by the Board of Regents;

293.14 (4) for the Metropolitan Airports Commission, the person designated by the commission;

293.15 (5) for the Departments of Natural Resources and Public Safety, the respective
293.16 commissioner of the agency; and

293.17 (6) for a tribal police department that exercises state arrest powers under section 626.90,
293.18 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal
293.19 government.

293.20 Subd. 6. **Municipality.** (a) "Municipality" means:

293.21 (1) a home rule charter or statutory city;

293.22 (2) an organized town;

293.23 (3) a county;

293.24 (4) a park district subject to chapter 398;

293.25 (5) the University of Minnesota;

293.26 (6) an American Indian tribal government with a tribal police department that exercises
293.27 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

293.28 (7) the Metropolitan Airports Commission; and

293.29 (8) the Departments of Natural Resources and Public Safety with respect to peace officers
293.30 covered under chapter 352B.

294.1 (b) This subdivision only applies to chapter 477C.

294.2 Subd. 7. **Peace officer.** "Peace officer" means any person:

294.3 (1) whose primary source of income derived from wages is from direct employment by
294.4 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours
294.5 per week;

294.6 (2) who has been employed for a minimum of six months before December 31 preceding
294.7 the date of the current year's certification under section 477C.02, subdivision 1;

294.8 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

294.9 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized
294.10 to arrest with a warrant; and

294.11 (5) who is a member of the State Patrol retirement plan or the public employees police
294.12 and fire fund.

294.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

294.14 Sec. 2. **[477C.02] QUALIFYING FOR POLICE STATE AID.**

294.15 Subdivision 1. **Certification to commissioner.** (a) A certification made under this
294.16 section must be filed with the commissioner on a form prescribed by the commissioner and
294.17 must include all other facts that the commissioner requires.

294.18 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal
294.19 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or
294.20 more peace officers must certify to the commissioner the number of peace officers employed
294.21 during the previous calendar year. No peace officer may be included in the certification by
294.22 more than one municipality for the same month.

294.23 (c) Credit for peace officers employed less than a full year must be apportioned. Each
294.24 full month of employment of a qualifying officer during the calendar year entitles the
294.25 employing municipality to credit for 1/12 of the payment for employment of a peace officer
294.26 for the entire year. For purposes of this chapter, employment of a peace officer begins when
294.27 the peace officer is entered on the payroll of the employing municipality.

294.28 Subd. 2. **Departments of Natural Resources and Public Safety.** On or before March
294.29 15 annually, the commissioner of natural resources must certify the number of peace officers
294.30 employed by the Enforcement Division and the commissioner of public safety must certify
294.31 the number of peace officers employed by the Bureau of Criminal Apprehension, the
294.32 Gambling Enforcement Division, and the State Patrol Division. The certification must be

295.1 on the form described in subdivision 1, paragraph (a). Peace officers certified under this
295.2 subdivision must be included in the total certifications under subdivision 1.

295.3 Subd. 3. **Ineligibility of certain peace officers.** A peace officer employed by the
295.4 University of Minnesota who is required by the Board of Regents to be a member of the
295.5 University of Minnesota faculty retirement plan is not eligible to be included in any police
295.6 state aid certification under this section.

295.7 Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision
295.8 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must
295.9 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal
295.10 to a portion or all of its current year aid will apply if the certification is not received within
295.11 ten days.

295.12 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to
295.13 the amount of police state aid determined for the municipality for the current year, multiplied
295.14 by five percent for each week or fraction of a week that the certification is late. The penalty
295.15 must be computed beginning ten days after the postmark date of the commissioner's
295.16 notification as required under this subdivision. All aid amounts forfeited as a result of the
295.17 penalty revert to the state general fund. Failure to receive the certification form may not be
295.18 used as a defense for a failure to file.

295.19 Subd. 5. **Determination by commissioner.** The commissioner must determine which
295.20 municipalities are qualified to receive police state aid based on compliance with the
295.21 requirements of this section. The commissioner may take into account any other relevant
295.22 information that comes to the attention of the commissioner when making the determination.

295.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

295.24 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

295.25 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before
295.26 October 1, the commissioner must calculate the amount of police state aid that each
295.27 municipality is to receive.

295.28 (b) The commissioner must calculate an excess police state aid amount for each
295.29 municipality under subdivision 3 and must reduce the apportionment amount for each
295.30 municipality based on the calculation.

295.31 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
295.32 apportionment as police state aid is equal to 104 percent of the amount of premium taxes
295.33 paid to the state on the premiums reported to the commissioner by companies or insurance

296.1 companies on the Minnesota Aid to Police Premium Report. The total amount for
296.2 apportionment for the police state aid program must not be less than two percent of the
296.3 amount of premiums reported to the commissioner by companies or insurance companies
296.4 on the Minnesota Aid to Police Premium Report.

296.5 (b) The commissioner must calculate the percentage of increase or decrease reflected in
296.6 the apportionment over or under the previous year's available state aid using the same
296.7 premiums as a basis for comparison.

296.8 (c) In addition to the amount for apportionment of police state aid under paragraph (a),
296.9 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
296.10 this increase is annually appropriated from the general fund.

296.11 (d) The commissioner must apportion police state aid to all municipalities in proportion
296.12 to the relationship that the total number of peace officers employed by that municipality for
296.13 the prior calendar year and the proportional or fractional number who were employed less
296.14 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
296.15 to the total number of peace officers employed by all municipalities subject to any reduction
296.16 under subdivision 3.

296.17 (e) Any necessary additional adjustments must be made to subsequent police state aid
296.18 apportionments.

296.19 **Subd. 3. Apportionment reduction; excess police state aid.** (a) The commissioner
296.20 must reduce the apportionment of police state aid under this section for eligible municipalities
296.21 by the amount of any excess police state aid calculated under this subdivision.

296.22 (b) The commissioner must calculate the amount of excess police state aid for each
296.23 municipality as follows:

296.24 (1) for municipalities in which police retirement coverage is provided wholly by the
296.25 public employees police and fire fund and all peace officers are members of the plan governed
296.26 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of
296.27 police state aid apportioned under subdivision 2 that exceeds the employer's total prior
296.28 calendar year obligation as defined in paragraph (c), as certified by the executive director
296.29 of the Public Employees Retirement Association;

296.30 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals
296.31 the amount of apportioned police aid calculated under subdivision 2 that exceeds the
296.32 commission's total prior calendar year obligation as defined in paragraph (c), as certified
296.33 by the executive director of the Public Employees Retirement Association; and

297.1 (3) for the Departments of Natural Resources and Public Safety, the excess police state
 297.2 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that
 297.3 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision
 297.4 1c, for plan members who are peace officers, as certified by the executive director of the
 297.5 Minnesota State Retirement System.

297.6 (c) The municipality's total prior calendar year obligation with respect to the public
 297.7 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar
 297.8 year obligation under section 353.65, subdivision 3, for police officers as defined in section
 297.9 353.64, subdivisions 1, la, and 2, and the actual total prior calendar year obligation under
 297.10 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,
 297.11 la, and 2, but not to exceed for those firefighters the applicable following employer calendar
 297.12 year amount:

| 297.13 | <u>Municipality</u> | <u>Maximum Amount</u> |
|--------|----------------------------|-----------------------|
| 297.14 | <u>Albert Lea</u> | <u>\$54,157.01</u> |
| 297.15 | <u>Anoka</u> | <u>10,399.31</u> |
| 297.16 | <u>Apple Valley</u> | <u>5,442.44</u> |
| 297.17 | <u>Austin</u> | <u>49,864.73</u> |
| 297.18 | <u>Bemidji</u> | <u>27,671.38</u> |
| 297.19 | <u>Brooklyn Center</u> | <u>6,605.92</u> |
| 297.20 | <u>Brooklyn Park</u> | <u>24,002.26</u> |
| 297.21 | <u>Burnsville</u> | <u>15,956.00</u> |
| 297.22 | <u>Cloquet</u> | <u>4,260.49</u> |
| 297.23 | <u>Coon Rapids</u> | <u>39,920.00</u> |
| 297.24 | <u>Cottage Grove</u> | <u>8,588.48</u> |
| 297.25 | <u>Crystal</u> | <u>5,855.00</u> |
| 297.26 | <u>East Grand Forks</u> | <u>51,009.88</u> |
| 297.27 | <u>Edina</u> | <u>32,251.00</u> |
| 297.28 | <u>Elk River</u> | <u>5,216.55</u> |
| 297.29 | <u>Ely</u> | <u>13,584.16</u> |
| 297.30 | <u>Eveleth</u> | <u>16,288.27</u> |
| 297.31 | <u>Fergus Falls</u> | <u>6,742.00</u> |
| 297.32 | <u>Fridley</u> | <u>33,420.64</u> |
| 297.33 | <u>Golden Valley</u> | <u>11,744.61</u> |
| 297.34 | <u>Hastings</u> | <u>16,561.00</u> |
| 297.35 | <u>Hopkins</u> | <u>4,324.23</u> |
| 297.36 | <u>International Falls</u> | <u>14,400.69</u> |
| 297.37 | <u>Lakeville</u> | <u>782.35</u> |

| | | |
|--------|-------------------------------|------------------|
| 298.1 | <u>Lino Lakes</u> | <u>5,324.00</u> |
| 298.2 | <u>Little Falls</u> | <u>7,889.41</u> |
| 298.3 | <u>Maple Grove</u> | <u>6,707.54</u> |
| 298.4 | <u>Maplewood</u> | <u>8,476.69</u> |
| 298.5 | <u>Minnetonka</u> | <u>10,403.00</u> |
| 298.6 | <u>Montevideo</u> | <u>1,307.66</u> |
| 298.7 | <u>Moorhead</u> | <u>68,069.26</u> |
| 298.8 | <u>New Hope</u> | <u>6,739.72</u> |
| 298.9 | <u>North St. Paul</u> | <u>4,241.14</u> |
| 298.10 | <u>Northfield</u> | <u>770.63</u> |
| 298.11 | <u>Owatonna</u> | <u>37,292.67</u> |
| 298.12 | <u>Plymouth</u> | <u>6,754.71</u> |
| 298.13 | <u>Red Wing</u> | <u>3,504.01</u> |
| 298.14 | <u>Richfield</u> | <u>53,757.96</u> |
| 298.15 | <u>Rosemount</u> | <u>1,712.55</u> |
| 298.16 | <u>Roseville</u> | <u>9,854.51</u> |
| 298.17 | <u>St. Anthony</u> | <u>33,055.00</u> |
| 298.18 | <u>St. Louis Park</u> | <u>53,643.11</u> |
| 298.19 | <u>Thief River Falls</u> | <u>28,365.04</u> |
| 298.20 | <u>Virginia</u> | <u>31,164.46</u> |
| 298.21 | <u>Waseca</u> | <u>11,135.17</u> |
| 298.22 | <u>West St. Paul</u> | <u>15,707.20</u> |
| 298.23 | <u>White Bear Lake</u> | <u>6,521.04</u> |
| 298.24 | <u>Woodbury</u> | <u>3,613.00</u> |
| 298.25 | <u>any other municipality</u> | <u>0.00</u> |

298.26 (d) The total amount of excess police state aid must be deposited in the excess police
 298.27 state aid account in the general fund, and administered and distributed as provided in
 298.28 subdivision 4.

298.29 Subd. 4. Excess police state aid holding account. (a) The excess police state aid holding
 298.30 account is established in the general fund. The excess police state aid holding account is
 298.31 administered by the commissioner.

298.32 (b) Excess police state aid determined under subdivision 3 must be deposited annually
 298.33 in the excess police state aid holding account.

298.34 (c) From the balance in the excess police state aid holding account, \$900,000 must be
 298.35 canceled annually to the general fund.

299.1 (d) On October 1 annually, one-half of the balance of the excess police state aid holding
299.2 account remaining after the deduction under paragraph (c) is appropriated for additional
299.3 amortization aid under section 423A.02, subdivision 1b.

299.4 (e) The remaining balance in the excess police state aid holding account, after the
299.5 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

299.6 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned
299.7 to it by filing a written request with the commissioner to review and adjust the apportionment
299.8 of funds to the municipality. The decision of the commissioner is subject to appeal, review,
299.9 and adjustment by the district court in the county in which the applicable municipality is
299.10 located or by the Ramsey County District Court with respect to the Departments of Natural
299.11 Resources or Public Safety.

299.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

299.13 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

299.14 Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality
299.15 equal to the amount of police state aid apportioned to the applicable state aid recipient under
299.16 section 477C.03.

299.17 (b) Police state aid is payable on October 1 annually. The amount of state aid due and
299.18 not paid by October 1 accrues interest payable to the recipient at the rate of one percent for
299.19 each month or part of a month that the amount remains unpaid after October 1.

299.20 Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this
299.21 section and section 477C.03 is annually appropriated to the commissioner from the general
299.22 fund.

299.23 (b) The police state aid apportioned to the Departments of Public Safety and Natural
299.24 Resources under section 477C.03 is allocated to the commissioner of management and
299.25 budget for transfer to the funds and accounts from which the salaries of peace officers
299.26 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the
299.27 commissioner of revenue must certify to the commissioners of public safety, natural
299.28 resources, and management and budget the amounts to be transferred from the appropriation
299.29 for police state aid. The commissioners of public safety and natural resources must certify
299.30 to the commissioner of management and budget the amounts to be credited to each of the
299.31 funds and accounts from which the peace officers employed by their respective departments
299.32 are paid.

300.1 Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage
300.2 is provided by the public employees police and fire fund and all peace officers are members
300.3 of the fund, including municipalities covered by section 353.665, the total state aid must
300.4 be applied toward the municipality's employer contribution to the public employees police
300.5 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

300.6 (b) The county treasurer, upon receipt of the police state aid for the county, must apply
300.7 the total state aid toward the county's employer contribution to the public employees police
300.8 and fire fund under section 353.65, subdivision 3.

300.9 (c) The designated Metropolitan Airports Commission official, upon receipt of the police
300.10 state aid for the Metropolitan Airports Commission, must apply the total police state aid
300.11 toward the commission's employer contribution for peace officers to the public employees
300.12 police and fire plan under section 353.65, subdivision 3.

300.13 (d) The commissioners of public safety and natural resources must allocate the police
300.14 state aid first for employer contributions funded from the general fund and then for employer
300.15 contributions funded from other funds. For peace officers employed by the Departments of
300.16 Natural Resources or Public Safety whose salaries are paid from the general fund, the
300.17 amounts transferred from the appropriation for police state aid must be canceled to the
300.18 general fund.

300.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

300.20 **ARTICLE 19**

300.21 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

300.22 Section 1. **[2971.26] FIRE AND POLICE PREMIUM REPORTS.**

300.23 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the
300.24 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by
300.25 the authorized representative of the company, on or before March 1 annually. The fire and
300.26 extended coverage portion of multiperil package premiums and all other combination
300.27 premiums must be determined by applying percentages determined by the commissioner
300.28 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe
300.29 the content, form, and manner of the reports.

300.30 (b) The commissioner must notify each company that fails to timely file the report
300.31 required under paragraph (a). The notice must demand that the company file the report
300.32 within 30 days. Where good cause exists, the commissioner may extend the period for filing

301.1 the report as long as a request for extension is filed by the company before the expiration
301.2 of the 30-day period.

301.3 Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date
301.4 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,
301.5 that the report is delinquent, but not to exceed \$200.

301.6 (b) Any person whose duty it is to file the report and who fails or refuses to file within
301.7 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no
301.8 more than \$1,000.

301.9 (c) Any company that knowingly makes and files an inaccurate or false report is liable
301.10 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the
301.11 commissioner, and the commissioner of commerce may revoke the company's certificate
301.12 of authority.

301.13 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

301.14 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

301.15 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire
301.16 Department Relief Association and each volunteer firefighters relief association with assets
301.17 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous
301.18 year, according to the applicable actuarial valuation or according to the financial report if
301.19 no valuation is required, must prepare a financial report covering the special and general
301.20 funds of the relief association for the preceding fiscal year, file the financial report, and
301.21 submit financial statements.

301.22 (b) The financial report must contain financial statements and disclosures that present
301.23 the true financial condition of the relief association and the results of relief association
301.24 operations in conformity with generally accepted accounting principles and in compliance
301.25 with the regulatory, financing, and funding provisions of this chapter and any other applicable
301.26 laws. The financial report must be countersigned by:

301.27 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
301.28 association is located if the relief association is a firefighters' relief association that is directly
301.29 associated with a municipal fire department;

301.30 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that
301.31 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter
301.32 relief association is a subsidiary of an independent nonprofit firefighting corporation, and
301.33 by the secretary of the independent nonprofit firefighting corporation; or

302.1 (3) the chief financial official of the county in which the volunteer firefighter relief
302.2 association is located or primarily located if the relief association is associated with a fire
302.3 department that is not located in or associated with an organized municipality.

302.4 (c) The financial report must be retained in the office of the Bloomington Fire Department
302.5 Relief Association or the volunteer firefighter relief association for public inspection and
302.6 must be filed with the governing body of the government subdivision in which the associated
302.7 fire department is located after the close of the fiscal year. One copy of the financial report
302.8 must be furnished to the state auditor after the close of the fiscal year.

302.9 (d) Audited financial statements must be attested to by a certified public accountant or
302.10 by the state auditor and must be filed with the state auditor on or before June 30 after the
302.11 close of the fiscal year. The state auditor may accept this report in lieu of the report required
302.12 in paragraph (c).

302.13 Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief
302.14 association that is not required to file a financial report and audit under subdivision 1 must
302.15 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief
302.16 association's special and general funds in the style and form prescribed by the state auditor.
302.17 The detailed statement must show:

302.18 (1) the sources and amounts of all money received;

302.19 (2) all disbursements, accounts payable, and accounts receivable;

302.20 (3) the amount of money remaining in the treasury;

302.21 (4) total assets, including a listing of all investments;

302.22 (5) the accrued liabilities; and

302.23 (6) all other items necessary to show accurately the revenues and expenditures and
302.24 financial position of the relief association.

302.25 (b) The detailed financial statement of the special and general funds required under
302.26 paragraph (a) must be certified by a certified public accountant or by the state auditor in
302.27 accordance with agreed-upon procedures and forms prescribed by the state auditor. The
302.28 accountant must have at least five years of public accounting, auditing, or similar experience
302.29 and must not be an active, inactive, or retired member of the relief association or the fire
302.30 department.

302.31 (c) The detailed financial statement required under paragraph (a) must be countersigned
302.32 by:

303.1 (1) the municipal clerk or clerk-treasurer of the municipality;

303.2 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality
303.3 in population that contracts with the independent nonprofit firefighting corporation if the
303.4 relief association is a subsidiary of an independent nonprofit firefighting corporation, and
303.5 by the secretary of the independent nonprofit firefighting corporation; or

303.6 (3) the chief financial official of the county in which the volunteer firefighter relief
303.7 association is located or primarily located if the relief association is associated with a fire
303.8 department that is not located in or associated with an organized municipality.

303.9 (d) The volunteer firefighters relief association board must submit a copy of the detailed
303.10 financial statement required under paragraph (a) that has been certified by the governing
303.11 body of the municipality to the state auditor on or before March 31 after the close of the
303.12 fiscal year.

303.13 (e) A certified public accountant or auditor who performs the agreed-upon procedures
303.14 under paragraph (b) is subject to the reporting requirement of section 6.67.

303.15 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief
303.16 association of hardship or an inability to conform, extend the deadline for reports under
303.17 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are
303.18 not received by November 30, the municipality or relief association forfeits its current year
303.19 state aid, and, until the state auditor receives the required information, the relief association
303.20 or municipality is ineligible to receive any future state aid. A municipality or relief association
303.21 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and
303.22 police and firefighter retirement supplemental state aid payable under chapter 477B and
303.23 section 423A.022 if the financial reporting requirement or the applicable requirements of
303.24 this chapter or any other statute or special law have not been complied with or are not
303.25 fulfilled.

303.26 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief
303.27 Association may not enter upon duties without having given the association a bond in a
303.28 reasonable amount acceptable to the municipality for the faithful discharge of duties
303.29 according to law.

303.30 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may
303.31 enter upon the duties of the office until the treasurer has given the association a good and
303.32 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;
303.33 however, the amount of the bond need not exceed \$500,000.

304.1 Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative
304.2 officer of each municipality that has a fire department but does not have a relief association
304.3 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section
304.4 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed
304.5 financial report of the receipts and disbursements by the municipality for fire protection
304.6 service during the preceding calendar year on a form prescribed by the state auditor. The
304.7 financial report must contain any information that the state auditor deems necessary to
304.8 disclose the sources of receipts and the purpose of disbursements for fire protection service.
304.9 The financial report must be signed by the municipal clerk or clerk-treasurer with the state
304.10 auditor on or before July 1 annually. The municipality does not qualify initially to receive,
304.11 and is not entitled subsequently to retain, any fire state aid and police and firefighter
304.12 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the
304.13 financial reporting requirement or the applicable requirements of any other statute or special
304.14 law have not been complied with or are not fulfilled.

304.15 (b) Each municipality that has a fire department and provides retirement coverage to its
304.16 firefighters through the voluntary statewide volunteer firefighter retirement plan under
304.17 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide
304.18 volunteer firefighter retirement fund without filing a detailed financial report if the executive
304.19 director of the Public Employees Retirement Association certifies compliance by the
304.20 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,
304.21 paragraph (e), and certifies conformity by the applicable fire chief with the requirements
304.22 of section 353G.07.

304.23 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing
304.24 a financial report under paragraph (a) if the municipality:

304.25 (1) has a fire department;

304.26 (2) does not have a volunteer firefighters relief association directly associated with its
304.27 fire department;

304.28 (3) does not participate in the statewide volunteer firefighter retirement plan under
304.29 chapter 353G;

304.30 (4) provides retirement coverage to its firefighters through the public employees police
304.31 and fire retirement plan under sections 353.63 to 353.68; and

304.32 (5) is certified by the executive director of the Public Employees Retirement Association
304.33 to the state auditor to have had an employer contribution under section 353.65, subdivision

305.1 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire
305.2 state aid for the immediately prior calendar year.

305.3 Subd. 6. **Notification by commissioner of revenue and state auditor.** (a) The state
305.4 auditor, in performing an audit or examination, must notify the Legislative Commission on
305.5 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or
305.6 nonfeasance in office by relief association officials or municipal officials.

305.7 (b) The commissioner of revenue must notify the Legislative Commission on Pensions
305.8 and Retirement if the state auditor has not filed the required financial compliance reports
305.9 by July 1.

305.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

305.11 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to
305.12 read:

305.13 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding
305.14 any provision of law to the contrary, the payment of the following necessary, reasonable,
305.15 and direct expenses of maintaining, protecting, and administering the special fund, when
305.16 provided for in the bylaws of the association and approved by the board of trustees,
305.17 constitutes authorized administrative expenses of a volunteer firefighters relief association
305.18 organized under any law of the state or the Bloomington Fire Department Relief Association:

305.19 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,
305.20 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

305.21 (2) salaries of the officers of the association or their designees, and salaries of the
305.22 members of the board of trustees of the association if the salary amounts are approved by
305.23 the governing body of the entity that is responsible for meeting any minimum obligation
305.24 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to
305.25 42, and the itemized expenses of relief association officers and board members that are
305.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

305.27 (3) tuition, registration fees, organizational dues, and other authorized expenses of the
305.28 officers or members of the board of trustees incurred in attending educational conferences,
305.29 seminars, or classes relating to the administration of the relief association;

305.30 (4) audit and audit-related services, accounting and accounting-related services, and
305.31 actuarial, medical, legal, and investment and performance evaluation expenses;

306.1 (5) filing and application fees payable by the relief association to federal or other
306.2 government entities;

306.3 (6) reimbursement to the officers and members of the board of trustees or their designees,
306.4 for reasonable and necessary expenses actually paid and incurred in the performance of
306.5 their duties as officers or members of the board; and

306.6 (7) premiums on fiduciary liability insurance and official bonds for the officers, members
306.7 of the board of trustees, and employees of the relief association.

306.8 (b) All other expenses of the relief association must be paid from the general fund of
306.9 the association if one exists. If a relief association has only one fund, that fund is the special
306.10 fund for purposes of this subdivision. If a relief association has a special fund and a general
306.11 fund, the payment of any expense of the relief association that is directly related to the
306.12 purposes for which both funds were established must be apportioned between the two funds
306.13 on the basis of the benefits derived by each fund.

306.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

306.15 Sec. 4. **REPEALER.**

306.16 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and
306.17 69.80, are repealed.

306.18 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

306.19 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective
306.20 for reports filed after December 31, 2019.

306.21 **ARTICLE 20**

306.22 **FIRE AND POLICE STATE AID; CONFORMING CHANGES**

306.23 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

306.24 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the
306.25 commissioner of revenue a financial compliance report certifying for each relief association:

306.26 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014
306.27 and the auditing or certification of those financial reports under subdivision 1; and

306.28 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws
306.29 2013, chapter 111, article 5, sections 31 to 42.

306.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

307.1 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

307.2 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams
 307.3 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and
 307.4 account.

307.5 (b) The trust account must be credited with:

307.6 (1) general fund appropriations for that purpose;

307.7 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

307.8 (3) investment earnings on those accumulated proceeds. The assets and income of the
 307.9 trust account must be held and managed by the commissioner of management and budget
 307.10 and the State Board of Investment for the benefit of the state of Minnesota and its general
 307.11 creditors.

307.12 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from
 307.13 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~
 307.14 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision
 307.15 2, paragraph (c), that was not made for an individual, and investment earnings on those
 307.16 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed
 307.17 by the commissioner of management and budget and the State Board of Investment. From
 307.18 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred
 307.19 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer
 307.20 ambulance account balance permits, the following amounts:

307.21 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer
 307.22 ambulance trust account for that fiscal year; and

307.23 (2) an amount equal to the percentage of the remaining balance in the account after the
 307.24 deduction of the amount under clause (1), as specified for the applicable fiscal year:

| 307.25 | Fiscal year | Percentage |
|--------|---------------------|------------|
| 307.26 | 1995 | 20 |
| 307.27 | 1996 | 40 |
| 307.28 | 1997 | 50 |
| 307.29 | 1998 | 60 |
| 307.30 | 1999 | 70 |
| 307.31 | 2000 | 80 |
| 307.32 | 2001 | 90 |
| 307.33 | 2002 and thereafter | 100 |

308.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

308.2 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

308.3 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim
308.4 a credit against the premiums tax imposed under this chapter equal to the amount of the
308.5 credit certificate issued to it, or to a person who has assigned the credit to the insurance
308.6 company, under section 290.0681. If the amount of the credit exceeds the liability for tax
308.7 under this chapter, the commissioner shall refund the excess to the insurance company. An
308.8 amount sufficient to pay the refunds under this section is appropriated to the commissioner
308.9 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~
308.10 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

308.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

308.12 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

308.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section
308.14 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a
308.15 city or township that has entered into a contract with an independent nonprofit firefighting
308.16 corporation, or a city or township that has entered into a contract with a joint powers entity
308.17 established under section 471.59.

308.18 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

308.19 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

308.20 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of
308.21 volunteer firefighters by the lump-sum retirement division is initiated by a request to the
308.22 executive director for a cost analysis of the prospective retirement coverage under the
308.23 lump-sum retirement division.

308.24 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter
308.25 relief association or a defined contribution volunteer firefighter relief association governed
308.26 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested
308.27 jointly by the secretary of the volunteer firefighter relief association, following approval of
308.28 the request by the board of the volunteer firefighter relief association, and the chief
308.29 administrative officer of the entity associated with the relief association, following approval
308.30 of the request by the governing body of the entity associated with the relief association. If
308.31 the relief association is associated with more than one entity, the chief administrative officer
308.32 of each associated entity must execute the request. If the volunteer firefighters are not

309.1 currently covered by a volunteer firefighter relief association, the cost analysis of the
309.2 prospective retirement coverage must be requested by the chief administrative officer of
309.3 the entity operating the fire department. The request must be made in writing and must be
309.4 made on a form prescribed by the executive director.

309.5 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement
309.6 division of the statewide retirement plan must be based on the service pension amount under
309.7 section 353G.11 closest to the service pension amount provided by the volunteer firefighter
309.8 relief association if the relief association is a lump-sum defined benefit plan, or the amount
309.9 equal to 95 percent of the most current average account balance per relief association member
309.10 if the relief association is a defined contribution plan, or to the lowest service pension amount
309.11 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and
309.12 any other service pension amount designated by the requester or requesters. The cost analysis
309.13 must be prepared using a mathematical procedure certified as accurate by an approved
309.14 actuary retained by the Public Employees Retirement Association.

309.15 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association
309.16 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely
309.17 fashion, upon request by the executive director, the state auditor shall provide the most
309.18 recent data available on the financial condition of the volunteer firefighter relief association,
309.19 the most recent firefighter demographic data available, and a copy of the current relief
309.20 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief
309.21 association exists, the chief administrative officer of the entity operating the fire department
309.22 shall provide the demographic information on the volunteer firefighters serving as members
309.23 of the fire department requested by the executive director.

309.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

309.25 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

309.26 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)
309.27 Annually, the executive director shall determine the funding requirements of each account
309.28 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement
309.29 plan on or before August 1. The funding requirements computed under this subdivision
309.30 must be determined using a mathematical procedure developed and certified as accurate by
309.31 the approved actuary retained by the Public Employees Retirement Association and must
309.32 be based on present value factors using a six percent interest rate, without any decrement
309.33 assumptions. The funding requirements must be certified to the entity or entities associated
309.34 with the fire department whose active firefighters are covered by the retirement plan.

310.1 (b) The overall funding balance of each lump-sum account for the current calendar year
310.2 must be determined in the following manner:

310.3 (1) The total accrued liability for all active and deferred members of the account as of
310.4 December 31 of the current year must be calculated based on the good time service credit
310.5 of active and deferred members as of that date.

310.6 (2) The total present assets of the account projected to December 31 of the current year,
310.7 including receipts by and disbursements from the account anticipated to occur on or before
310.8 December 31, must be calculated. To the extent possible, the market value of assets must
310.9 be utilized in making this calculation.

310.10 (3) The amount of the total present assets calculated under clause (2) must be subtracted
310.11 from the amount of the total accrued liability calculated under clause (1). If the amount of
310.12 total present assets exceeds the amount of the total accrued liability, then the account is
310.13 considered to have a surplus over full funding. If the amount of the total present assets is
310.14 less than the amount of the total accrued liability, then the account is considered to have a
310.15 deficit from full funding. If the amount of total present assets is equal to the amount of the
310.16 total accrued liability, then the special fund is considered to be fully funded.

310.17 (c) The financial requirements of each lump-sum account for the following calendar
310.18 year must be determined in the following manner:

310.19 (1) The total accrued liability for all active and deferred members of the account as of
310.20 December 31 of the calendar year next following the current calendar year must be calculated
310.21 based on the good time service used in the calculation under paragraph (b), clause (1),
310.22 increased by one year.

310.23 (2) The increase in the total accrued liability of the account for the following calendar
310.24 year over the total accrued liability of the account for the current year must be calculated.

310.25 (3) The amount of administrative expenses of the account must be calculated by
310.26 multiplying the per-person dollar amount of the administrative expenses for the most recent
310.27 prior calendar year by the number of active and deferred firefighters reported to PERA on
310.28 the most recent good time service credit certification form for each account.

310.29 (4) If the account is fully funded, the financial requirement of the account for the
310.30 following calendar year is the total of the amounts calculated under clauses (2) and (3).

310.31 (5) If the account has a deficit from full funding, the financial requirement of the account
310.32 for the following calendar year is the total of the amounts calculated under clauses (2) and

311.1 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the
311.2 account.

311.3 (6) If the account has a surplus over full funding, the financial requirement of the account
311.4 for the following calendar year is the financial requirement of the account calculated as
311.5 though the account was fully funded under clause (4) and, if the account has also had a
311.6 surplus over full funding during the prior two years, additionally reduced by an amount
311.7 equal to one-tenth of the amount of the surplus over full funding of the account.

311.8 (d) The required contribution of the entity or entities associated with the fire department
311.9 whose active firefighters are covered by the lump-sum retirement division is the annual
311.10 financial requirements of the lump-sum account of the retirement plan under paragraph (c)
311.11 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter
311.12 477B or police and firefighter retirement supplemental state aid payable under section
311.13 423A.022 that is reasonably anticipated to be received by the retirement plan attributable
311.14 to the entity or entities during the following calendar year, and an amount of interest on the
311.15 assets projected to be received during the following calendar year calculated at the rate of
311.16 six percent per annum. The required contribution must be allocated between the entities if
311.17 more than one entity is involved. A reasonable amount of anticipated fire state aid is an
311.18 amount that does not exceed the fire state aid actually received in the prior year multiplied
311.19 by the factor 1.035.

311.20 (e) The required contribution calculated in paragraph (d) must be paid to the retirement
311.21 plan on or before December 31 of the year for which it was calculated. If the contribution
311.22 is not received by the retirement plan by December 31, it is payable with interest at an
311.23 annual compound rate of six percent from the date due until the date payment is received
311.24 by the retirement plan. If the entity does not pay the full amount of the required contribution,
311.25 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

311.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

311.27 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

311.28 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)
311.29 Annually, the executive director shall determine the funding requirements of each monthly
311.30 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before
311.31 August 1.

311.32 (b) The executive director must determine the funding requirements of a monthly benefit
311.33 account under this subdivision from:

312.1 (1) the most recent actuarial valuation normal cost, administrative expense, including
312.2 the cost of a regular actuarial valuation, and amortization results for the account determined
312.3 by the approved actuary retained by the retirement association under sections 356.215 and
312.4 356.216; and

312.5 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial
312.6 assumption and other actuarial assumptions approved under section 356.215, subdivision
312.7 18:

312.8 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit
312.9 increase to be amortized over a period of 20 years from the date of the benefit change;

312.10 (ii) with that portion of any unfunded actuarial accrued liability attributable to an
312.11 assumption change or an actuarial method change to be amortized over a period of 20 years
312.12 from the date of the assumption or method change;

312.13 (iii) with that portion of any unfunded actuarial accrued liability attributable to an
312.14 investment loss to be amortized over a period of ten years from the date of investment loss;
312.15 and

312.16 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over
312.17 a period of five years from the date of the actuarial valuation.

312.18 (c) The required contributions of the entity or entities associated with the fire department
312.19 whose active firefighters are covered by the monthly benefit retirement division are the
312.20 annual financial requirements of the monthly benefit account of the retirement plan under
312.21 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~
312.22 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable
312.23 under section 423A.022, that is reasonably anticipated to be received by the retirement plan
312.24 attributable to the entity or entities during the following calendar year. The required
312.25 contribution must be allocated between the entities if more than one entity is involved. A
312.26 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire
312.27 state aid actually received in the prior year multiplied by the factor 1.035.

312.28 (d) The required contribution calculated in paragraph (c) must be paid to the retirement
312.29 plan on or before December 31 of the year for which it was calculated. If the contribution
312.30 is not received by the retirement plan by December 31, it is payable with interest at an
312.31 annual compound rate of six percent from the date due until the date payment is received
312.32 by the retirement plan. If the entity does not pay the full amount of the required contribution,
312.33 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

313.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

313.2 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

313.3 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
313.4 and liabilities from the retirement plan to a relief association may occur, the board of trustees
313.5 of the relief association shall adopt resolutions as follows:

313.6 (1) approving and accepting the transfer of records, assets, and liabilities from the
313.7 retirement plan; and

313.8 (2) amending the bylaws of the relief association as necessary to add the firefighters
313.9 whose benefits are being transferred from the retirement plan and to provide that each benefit
313.10 being transferred retains vesting, distribution, and other rights to which the firefighter, for
313.11 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
313.12 the date of the transfer.

313.13 The board of trustees shall file a copy of the resolutions with the executive director.

313.14 (b) The board of trustees of the relief association shall file with the state auditor the
313.15 following:

313.16 (1) a copy of the resolutions required under paragraph (a);

313.17 (2) a copy of the bylaws of the relief association and any bylaw amendments;

313.18 (3) a copy of the relief association's investment policy;

313.19 (4) a statement that a board of trustees has been duly elected and each trustee's name,
313.20 address, telephone number, and e-mail address, if any;

313.21 (5) a copy of the most recent annual financial, investment, and plan administration report
313.22 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet
313.23 occurred; and

313.24 (6) a copy of the documentation indicating that a special fund has been established with
313.25 a financial institution to receive a transfer of assets from the retirement plan.

313.26 (c) Upon receipt of the information and documents required under paragraph (b), the
313.27 state auditor shall issue to the relief association and the executive director written
313.28 confirmation of receipt of all required information and documents.

313.29 **EFFECTIVE DATE.** This section is effective July 1, 2019.

314.1 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

314.2 Subd. 4a. **Financial report for police or firefighters relief association.** For any police
314.3 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),
314.4 a financial report that is duly filed and that meets the requirements of section ~~69.051~~
314.5 424A.014 is deemed to have met the requirements of subdivision 4.

314.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

314.7 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

314.8 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association
314.9 and the volunteer firefighter relief associations, the information required under this section
314.10 must be submitted by the due date for reports required under section ~~69.051, subdivision 1~~
314.11 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition
314.12 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
314.13 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1
314.14 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify
314.15 that compliance on a form prescribed by the state auditor. The state auditor shall transmit
314.16 annually to the State Board of Investment a list or lists of covered pension plans which
314.17 submitted certifications in order to facilitate reporting by the State Board of Investment
314.18 under paragraph (c).

314.19 (b) For the St. Paul Teachers Retirement Fund Association and the University of
314.20 Minnesota faculty supplemental retirement plan, the information required under this section
314.21 must be submitted to the state auditor by June 1 of each year.

314.22 (c) The State Board of Investment, on behalf of pension funds specified in subdivision
314.23 1, paragraph (c), shall report information required under this section by September 1 of each
314.24 year.

314.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

314.26 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

314.27 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall
314.28 allocate the additional amortization state aid, if any, including any state aid in excess of the
314.29 limitation in subdivision 4, on the following basis:

314.30 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with
314.31 police and firefighter retirement coverage;

315.1 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer
315.2 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,
315.3 subdivision 5;

315.4 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police
315.5 and firefighter retirement coverage;

315.6 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment
315.7 performance requirement of paragraph (c) is met; and

315.8 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section
315.9 353.665, subdivision 8, paragraph (d).

315.10 If there is no additional employer contribution under section 353.665, subdivision 8,
315.11 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the
315.12 former Minneapolis Police Relief Association and the former Minneapolis Fire Department
315.13 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:
315.14 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers
315.15 Retirement Fund Association, and 30 percent as additional funding to support minimum
315.16 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~
315.17 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of
315.18 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire
315.19 Department Relief Association certified on or before June 30 by the executive director of
315.20 the Public Employees Retirement Association, the commissioner shall allocate that 1.3
315.21 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent
315.22 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding
315.23 to support minimum fire state aid for volunteer firefighter relief associations under section
315.24 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

315.25 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

315.26 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the
315.27 teacher's association five-year average time-weighted rate of investment return does not
315.28 equal or exceed the performance of a composite portfolio assumed passively managed
315.29 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
315.30 securities, and 30 percent in domestic stock calculated using the formula under section
315.31 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until
315.32 the five-year annual rate of investment return equals or exceeds the performance of that
315.33 composite portfolio.

316.1 (d) The amounts required under this subdivision are the amounts annually appropriated
316.2 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision
316.3 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

316.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

316.5 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

316.6 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
316.7 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
316.8 that is not distributed for any reason to a municipality must be distributed by the
316.9 commissioner of revenue according to this paragraph. The commissioner shall distribute
316.10 60 percent of the amounts derived under this paragraph to the Teachers Retirement
316.11 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
316.12 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
316.13 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or
316.14 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this
316.15 aid ceases. Amounts remaining in the undistributed balance account at the end of the
316.16 biennium if aid eligibility ceases cancel to the general fund.

316.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
316.18 Independent School District No. 625, St. Paul, must make an additional contribution of
316.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

316.20 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization
316.21 aid under subdivision 1 that is not distributed for any reason to a municipality must be
316.22 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as
316.23 additional funding to support a minimum fire state aid amount for volunteer firefighter relief
316.24 associations.

316.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

316.26 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

316.27 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

316.28 (1) 58.064 percent must be paid to the executive director of the Public Employees
316.29 Retirement Association for deposit in the public employees police and fire retirement fund
316.30 established by section 353.65, subdivision 1;

316.31 (2) 35.484 percent must be paid to municipalities other than municipalities solely
316.32 employing firefighters with retirement coverage provided by the public employees police

317.1 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated
317.2 in proportion to the most recent amount of fire state aid paid under section ~~69.021~~,
317.3 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for
317.4 all municipalities other than the municipalities solely employing firefighters with retirement
317.5 coverage provided by the public employees police and fire retirement plan paid under section
317.6 ~~69.021~~, ~~subdivision 7~~ 477B.04, with the allocated amount for fire departments participating
317.7 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the
317.8 executive director of the Public Employees Retirement Association for deposit in the fund
317.9 established by section 353G.02, subdivision 3, and credited to the respective account and
317.10 with the balance paid to the treasurer of each municipality for transmittal within 30 days of
317.11 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit
317.12 in its special fund; and

317.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement
317.14 System for deposit in the state patrol retirement fund.

317.15 (b) For purposes of this section, the term "municipalities" includes independent nonprofit
317.16 firefighting corporations that participate in the voluntary statewide lump-sum volunteer
317.17 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief
317.18 associations operating under chapter 424A.

317.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

317.20 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

317.21 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must
317.22 be made on October 1 each year, with interest at one percent for each month, or portion of
317.23 a month, that the amount remains unpaid after October 1. Any necessary adjustments must
317.24 be made to subsequent payments.

317.25 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that
317.26 prevent municipalities and relief associations from being eligible for, or receiving fire state
317.27 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable
317.28 financial reporting requirements have been complied with, apply to the amounts payable to
317.29 municipalities and relief associations under this section.

317.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to
317.31 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

318.1 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

318.2 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
318.3 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
318.4 special fund a defined contribution service pension to each of its members who:

318.5 (1) separates from active service with the fire department;

318.6 (2) reaches age 50;

318.7 (3) completes at least five years of active service as an active member of the fire
318.8 department to which the relief association is associated;

318.9 (4) completes at least five years of active membership with the relief association before
318.10 separation from active service; and

318.11 (5) complies with any additional conditions as to age, service, and membership that are
318.12 prescribed by the bylaws of the relief association.

318.13 (b) In the case of a member who has completed at least five years of active service as
318.14 an active member of the fire department to which the relief association is associated on the
318.15 date that the relief association is established and incorporated, the requirement that the
318.16 member complete at least five years of active membership with the relief association before
318.17 separation from active service may be waived by the board of trustees of the relief association
318.18 if the member completes at least five years of inactive membership with the relief association
318.19 before the date of the payment of the service pension. During the period of inactive
318.20 membership, the member is not entitled to receive any disability benefit coverage, is not
318.21 entitled to receive additional individual account allocation of fire state aid or municipal
318.22 contribution towards a service pension, and is considered to have the status of a person
318.23 entitled to a deferred service pension.

318.24 (c) The service pension earned by a volunteer under this chapter and the articles of
318.25 incorporation and bylaws of the relief association may be paid whether or not the municipality
318.26 or independent nonprofit firefighting corporation to which the relief association is associated
318.27 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

318.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

318.29 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

318.30 Subd. 4. **Individual accounts.** (a) An individual account must be established for each
318.31 firefighter who is a member of the relief association.

318.32 (b) To each individual active member account must be credited an equal share of:

319.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental state
319.2 aid received by the relief association;

319.3 (2) any amounts of municipal contributions to the relief association raised from levies
319.4 on real estate or from other available municipal revenue sources exclusive of fire state aid;
319.5 and

319.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

319.7 (i) any former member who terminated active service with the fire department to which
319.8 the relief association is associated before meeting the minimum service requirement provided
319.9 for in subdivision 2, paragraph (b), and has not returned to active service with the fire
319.10 department for a period no shorter than five years; or

319.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the
319.12 amounts credited to the individual member account under subdivision 2, paragraph (b), and
319.13 any applicable provision of the bylaws of the relief association. In addition, any investment
319.14 return on the assets of the special fund must be credited in proportion to the share of the
319.15 assets of the special fund to the credit of each individual active member account.

319.16 Administrative expenses of the relief association payable from the special fund may be
319.17 deducted from individual accounts in a manner specified in the bylaws of the relief
319.18 association.

319.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
319.20 any investment return on the assets of the special fund to the accounts of inactive members.

319.21 (d) Amounts to be credited to individual accounts must be allocated uniformly for all
319.22 years of active service and allocations must be made for all years of service, except for caps
319.23 on service credit if so provided in the bylaws of the relief association. Amounts forfeited
319.24 under paragraph (b), clause (3), before a resumption of active service and membership under
319.25 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the
319.26 resumption of active service and membership. The allocation method may utilize monthly
319.27 proration for fractional years of service, as the bylaws or articles of incorporation of the
319.28 relief association so provide. The bylaws or articles of incorporation may define a "month,"
319.29 but the definition must require a calendar month to have at least 16 days of active service.
319.30 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed
319.31 calendar month of active service measured from the member's date of entry to the same date
319.32 in the subsequent month.

319.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the
319.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets of

320.1 the special fund to the credit of the member in the individual member account which is
320.2 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
320.3 association based on the number of years of service to the credit of the retiring member.

320.4 (f) Annually, the secretary of the relief association shall certify the individual account
320.5 allocations to the state auditor at the same time that the annual financial statement or financial
320.6 report and audit of the relief association, whichever applies, is due under section ~~69.051~~
320.7 424A.014.

320.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

320.9 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

320.10 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles
320.11 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined
320.12 benefit service pension to each of its members who: (1) separates from active service with
320.13 the fire department; (2) reaches age 50; (3) completes at least five years of active service
320.14 as an active member of the fire department to which the relief association is associated; (4)
320.15 completes at least five years of active membership with the relief association before
320.16 separation from active service; and (5) complies with any additional conditions as to age,
320.17 service, and membership that are prescribed by the bylaws of the relief association. A service
320.18 pension computed under this section may be prorated monthly for fractional years of service
320.19 as the bylaws or articles of incorporation of the relief association so provide. The bylaws
320.20 or articles of incorporation may define a "month," but the definition must require a calendar
320.21 month to have at least 16 days of active service. If the bylaws or articles of incorporation
320.22 do not define a "month," a "month" is a completed calendar month of active service measured
320.23 from the member's date of entry to the same date in the subsequent month. The service
320.24 pension earned by a volunteer firefighter under this chapter and the articles of incorporation
320.25 and bylaws of the volunteer firefighters relief association may be paid whether or not the
320.26 municipality or independent nonprofit firefighting corporation to which the relief association
320.27 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

320.28 (b) In the case of a member who has completed at least five years of active service as
320.29 an active member of the fire department to which the relief association is associated on the
320.30 date that the relief association is established and incorporated, the requirement that the
320.31 member complete at least five years of active membership with the relief association before
320.32 separation from active service may be waived by the board of trustees of the relief association
320.33 if the member completes at least five years of inactive membership with the relief association
320.34 before the date of the payment of the service pension. During the period of inactive

321.1 membership, the member is not entitled to receive disability benefit coverage, is not entitled
321.2 to receive additional service credit towards computation of a service pension, and is
321.3 considered to have the status of a person entitled to a deferred service pension under
321.4 subdivision 7.

321.5 (c) No municipality, independent nonprofit firefighting corporation, or joint powers
321.6 entity may delegate the power to take final action in setting a service pension or ancillary
321.7 benefit amount or level to the board of trustees of the relief association or to approve in
321.8 advance a service pension or ancillary benefit amount or level equal to the maximum amount
321.9 or level that this chapter would allow rather than a specific dollar amount or level.

321.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

321.11 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

321.12 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
321.13 defined benefit relief association pays a service pension greater than the maximum service
321.14 pension associated with the applicable average amount of available financing per active
321.15 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,
321.16 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum
321.17 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the
321.18 state auditor shall:

321.19 (1) disqualify the municipality or the independent nonprofit firefighting corporation
321.20 associated with the relief association from receiving fire state aid by making the appropriate
321.21 notification to the municipality and the commissioner of revenue, with the disqualification
321.22 applicable for the next apportionment and payment of fire state aid; and

321.23 (2) order the treasurer of the applicable relief association to recover the amount of the
321.24 overpaid service pension or pensions from any retired firefighter who received an
321.25 overpayment.

321.26 (b) Fire state aid amounts from disqualified municipalities for the period of
321.27 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
321.28 insurance premium tax proceeds available for the next subsequent fire state aid
321.29 apportionment.

321.30 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
321.31 (2), must be credited to the amount of fire insurance premium tax proceeds available for
321.32 the next subsequent fire state aid apportionment.

322.1 (d) The determination of the state auditor that a relief association has paid a service
322.2 pension greater than the applicable maximum must be made on the basis of the information
322.3 filed by the relief association and the municipality with the state auditor under ~~sections~~
322.4 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies,~~ this chapter and
322.5 any other relevant information that comes to the attention of the state auditor. The
322.6 determination of the state auditor is final. An aggrieved municipality, relief association, or
322.7 person may appeal the determination under section 480A.06.

322.8 (e) The state auditor may certify, upon learning that a relief association overpaid a service
322.9 pension based on an error in the maximum service pension calculation, the municipality or
322.10 independent nonprofit firefighting corporation associated with the relief association for fire
322.11 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
322.12 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
322.13 (c), all overpayments recovered under this paragraph must be credited to the relief
322.14 association's special fund.

322.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

322.16 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

322.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined
322.18 benefit relief association to which this section applies must file a revised copy of its governing
322.19 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws
322.20 by the relief association or upon the approval of any amendment to its governing bylaws
322.21 granted by the governing body of each municipality served by the fire department to which
322.22 the relief association is directly associated. Failure of the relief association to file a copy of
322.23 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality
322.24 from the distribution of any future fire state aid until this filing requirement has been
322.25 completed.

322.26 (b) If the special fund of the relief association does not have a surplus over full funding
322.27 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision
322.28 4, and if the municipality is required to provide financial support to the special fund of the
322.29 relief association under section 424A.092 or 424A.093, no bylaw amendment which would
322.30 affect the amount of, the manner of payment of, or the conditions for qualification for service
322.31 pensions or ancillary benefits or disbursements other than administrative expenses authorized
322.32 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief
322.33 association is effective until it has been ratified as required under section 424A.092,
322.34 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has

323.1 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision
323.2 4, and if the municipality is not required to provide financial support to the special fund
323.3 under this section, the relief association may adopt or amend without municipal ratification
323.4 its articles of incorporation or bylaws which increase or otherwise affect the service pensions
323.5 or ancillary benefits payable from the special fund if authorized under section 424A.092,
323.6 subdivision 6, or 424A.093, subdivision 6.

323.7 (c) If the relief association pays only a lump-sum pension, the financial requirements
323.8 are to be determined by the board of trustees following the preparation of an estimate of
323.9 the expected increase in the accrued liability and annual accruing liability of the relief
323.10 association attributable to the change. If the relief association pays a monthly benefit service
323.11 pension, the financial requirements are to be determined by the board of trustees following
323.12 either an updated actuarial valuation including the proposed change or an estimate of the
323.13 expected actuarial impact of the proposed change prepared by the actuary of the relief
323.14 association. If a relief association adopts or amends its articles of incorporation or bylaws
323.15 without municipal ratification under this subdivision, and, subsequent to the amendment or
323.16 adoption, the financial requirements of the special fund under this section are such so as to
323.17 require financial support from the municipality, the provision which was implemented
323.18 without municipal ratification is no longer effective without municipal ratification, and any
323.19 service pensions or ancillary benefits payable after that date must be paid only in accordance
323.20 with the articles of incorporation or bylaws as amended or adopted with municipal
323.21 ratification.

323.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

323.23 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

323.24 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated
323.25 with a relief association which violates the provisions of subdivision 1 is directly associated
323.26 or which contracts with an independent nonprofit firefighting corporation associated with
323.27 a relief association which violates the provisions of subdivision 1 is a subsidiary may not
323.28 be included in the apportionment of fire state aid ~~to the applicable county auditor and police~~
323.29 and firefighter retirement supplemental state aid payable under section 69.021, subdivision
323.30 6, chapter 477B and section 423A.022 and may not be included in the apportionment of
323.31 fire state aid ~~by the county auditor~~ to the various municipalities under section 69.021,
323.32 ~~subdivision 7~~ 477B.03.

323.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

324.1 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

324.2 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all
324.3 fire state aid and police and firefighter retirement supplemental state aid received under
324.4 ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other
324.5 revenues received from the municipality under sections 424A.091 to 424A.096 or any
324.6 applicable special law requiring municipal support for the relief association, any funds or
324.7 property donated, given, granted or devised by any person which is specified for use for the
324.8 support of the special fund and any interest or investment return earned upon the assets of
324.9 the special fund. The treasurer of the relief association is the custodian of the assets of the
324.10 special fund and must be the recipient on behalf of the special fund of all revenues payable
324.11 to the special fund. The treasurer shall maintain adequate records documenting any
324.12 transaction involving the assets or the revenues of the special fund. These records and the
324.13 bylaws of the relief association are public and must be open for inspection by any member
324.14 of the relief association, any officer or employee of the state or of the municipality, or any
324.15 member of the public, at reasonable times and places.

324.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

324.17 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

324.18 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
324.19 special fund may not be made for any purpose other than one of the following:

324.20 (1) for the payment of service pensions to retired members of the relief association if
324.21 authorized and paid under law and the bylaws governing the relief association;

324.22 (2) for the purchase of an annuity for the applicable person under section 424A.015,
324.23 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's
324.24 individual retirement account under section 424A.015, subdivision 4, or to the applicable
324.25 person's account in the Minnesota deferred compensation plan under section 424A.015,
324.26 subdivision 5;

324.27 (3) for the payment of temporary or permanent disability benefits to disabled members
324.28 of the relief association if authorized and paid under law and specified in amount in the
324.29 bylaws governing the relief association;

324.30 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate
324.31 of the deceased active or deferred firefighter, if authorized and paid under law and specified
324.32 in amount in the bylaws governing the relief association;

325.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
325.2 Department Association and to the Minnesota State Fire Chiefs Association in order to
325.3 entitle relief association members to membership in and the benefits of these associations
325.4 or organizations;

325.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
325.6 Association, or an insurance company licensed by the state of Minnesota offering casualty
325.7 insurance, in order to entitle relief association members to membership in and the benefits
325.8 of the association or organization; and

325.9 (7) for the payment of administrative expenses of the relief association as authorized
325.10 under ~~section 69.80~~ subdivision 3b.

325.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
325.12 by this section must be signed by the relief association treasurer and at least one other elected
325.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.
325.14 A relief association may make disbursements authorized by this subdivision by electronic
325.15 fund transfers only if the specific method of payment and internal control policies and
325.16 procedures regarding the method are approved by the board of trustees.

325.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

325.18 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

325.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
325.20 **OF RELIEF ASSOCIATIONS.**

325.21 Before paying any service pensions or retirement benefits under section 424A.02 or
325.22 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
325.23 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an
325.24 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief
325.25 association governed by this chapter.

325.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

325.27 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

325.28 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
325.29 there exists a firefighters relief association as specified in subdivision 1 which does not
325.30 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
325.31 of any applicable special law relating to the funding or financing of the association does
325.32 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under

326.1 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified
326.2 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise
326.3 qualified, is entitled to again receive fire state aid for the year occurring immediately
326.4 subsequent to the year in which the disqualification is remedied.

326.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief
326.6 association is directly associated or a firefighters relief association fails to comply with the
326.7 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
326.8 applicable special law based upon the information contained in the annual financial report
326.9 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial
326.10 valuation of the relief association, if applicable, the relief association officers' financial
326.11 requirements of the relief association and minimum municipal obligation determination
326.12 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4
326.13 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable
326.14 municipal or independent nonprofit firefighting corporation budget, if requested to be filed
326.15 by the state auditor, and any other relevant documents or reports obtained by the state
326.16 auditor.

326.17 (c) The municipality or independent nonprofit firefighting corporation and the associated
326.18 relief association are not eligible to receive or to retain fire state aid if:

326.19 (1) the relief association fails to prepare or to file the financial report or financial
326.20 statement under section ~~69.051~~ 424A.014;

326.21 (2) the relief association treasurer is not bonded in the manner and in the amount required
326.22 by ~~section 69.051, subdivision 2~~ 424A.014, subdivision 4;

326.23 (3) the relief association officers fail to determine or improperly determine the accrued
326.24 liability and the annual accruing liability of the relief association under section 424A.092,
326.25 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

326.26 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
326.27 valuation or the officers file an actuarial valuation that does not contain the special fund
326.28 actuarial liability calculated under the entry age normal actuarial cost method, the special
326.29 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
326.30 normal cost under the entry age normal actuarial cost method, the amortization requirement
326.31 for the special fund unfunded actuarial accrued liability by the applicable target date, a
326.32 summary of the applicable benefit plan, a summary of the membership of the relief
326.33 association, a summary of the actuarial assumptions used in preparing the valuation, and a

327.1 signed statement by the actuary attesting to its results and certifying to the qualifications of
327.2 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

327.3 (5) the municipality failed to provide a municipal contribution, or the independent
327.4 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
327.5 equal to the minimum municipal obligation if the relief association is governed under section
327.6 424A.092, or the amount necessary, when added to the fire state aid actually received in
327.7 the plan year in question, to at least equal in total the calculated annual financial requirements
327.8 of the special fund of the relief association if the relief association is governed under section
327.9 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
327.10 failed to include the minimum municipal obligation certified under section 424A.092,
327.11 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
327.12 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
327.13 under section 424A.094, subdivision 2, in the corporate budget;

327.14 (6) the defined benefit relief association did not receive municipal ratification for the
327.15 most recent plan amendment when municipal ratification was required under section 424A.02,
327.16 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

327.17 (7) the relief association invested special fund assets in an investment security that is
327.18 not authorized under section 424A.095;

327.19 (8) the relief association had an administrative expense that is not authorized under
327.20 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that
327.21 is not authorized under section 424A.08;

327.22 (9) the relief association officers fail to provide a complete and accurate public pension
327.23 plan investment portfolio and performance disclosure under section 356.219;

327.24 (10) the relief association fails to obtain the acknowledgment from a broker of the
327.25 statement of investment restrictions under section 356A.06, subdivision 8b;

327.26 (11) the relief association officers permitted to occur a prohibited transaction under
327.27 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
327.28 of a prohibited transaction that did occur; or

327.29 (12) the relief association pays a defined benefit service pension in an amount that is in
327.30 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

327.31 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to
327.32 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

328.1 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

328.2 Subd. 3. **Financial requirements of relief association; minimum obligation of**
328.3 **municipality.** (a) During the month of July, the officers of the relief association shall
328.4 determine the overall funding balance of the special fund for the current calendar year, the
328.5 financial requirements of the special fund for the following calendar year and the minimum
328.6 obligation of the municipality with respect to the special fund for the following calendar
328.7 year in accordance with the requirements of this subdivision.

328.8 (b) The overall funding balance of the special fund for the current calendar year must
328.9 be determined in the following manner:

328.10 (1) The total accrued liability of the special fund for all active and deferred members of
328.11 the relief association as of December 31 of the current year must be calculated under
328.12 subdivisions 2 and 2a, if applicable.

328.13 (2) The total present assets of the special fund projected to December 31 of the current
328.14 year, including receipts by and disbursements from the special fund anticipated to occur on
328.15 or before December 31, must be calculated. To the extent possible, for those assets for which
328.16 a market value is readily ascertainable, the current market value as of the date of the
328.17 calculation for those assets must be utilized in making this calculation. For any asset for
328.18 which no market value is readily ascertainable, the cost value or the book value, whichever
328.19 is applicable, must be utilized in making this calculation.

328.20 (3) The amount of the total present assets of the special fund calculated under clause (2)
328.21 must be subtracted from the amount of the total accrued liability of the special fund calculated
328.22 under clause (1). If the amount of total present assets exceeds the amount of the total accrued
328.23 liability, then the special fund is considered to have a surplus over full funding. If the amount
328.24 of the total present assets is less than the amount of the total accrued liability, then the
328.25 special fund is considered to have a deficit from full funding. If the amount of total present
328.26 assets is equal to the amount of the total accrued liability, then the special fund is considered
328.27 to be fully funded.

328.28 (c) The financial requirements of the special fund for the following calendar year must
328.29 be determined in the following manner:

328.30 (1) The total accrued liability of the special fund for all active and deferred members of
328.31 the relief association as of December 31 of the calendar year next following the current
328.32 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

329.1 (2) The increase in the total accrued liability of the special fund for the following calendar
329.2 year over the total accrued liability of the special fund for the current year must be calculated.

329.3 (3) The amount of anticipated future administrative expenses of the special fund must
329.4 be calculated by multiplying the dollar amount of the administrative expenses of the special
329.5 fund for the most recent prior calendar year by the factor of 1.035.

329.6 (4) If the special fund is fully funded, the financial requirements of the special fund for
329.7 the following calendar year are the total of the amounts calculated under clauses (2) and
329.8 (3).

329.9 (5) If the special fund has a deficit from full funding, the financial requirements of the
329.10 special fund for the following calendar year are the financial requirements of the special
329.11 fund calculated as though the special fund were fully funded under clause (4) plus an amount
329.12 equal to one-tenth of the original amount of the deficit from full funding of the special fund
329.13 as determined under clause (2) resulting either from an increase in the amount of the service
329.14 pension occurring in the last ten years or from a net annual investment loss occurring during
329.15 the last ten years until each increase in the deficit from full funding is fully retired. The
329.16 annual amortization contribution under this clause may not exceed the amount of the deficit
329.17 from full funding.

329.18 (6) If the special fund has a surplus over full funding, the financial requirements of the
329.19 special fund for the following calendar year are the financial requirements of the special
329.20 fund calculated as though the special fund were fully funded under clause (4) reduced by
329.21 an amount equal to one-tenth of the amount of the surplus over full funding of the special
329.22 fund.

329.23 (d) The minimum obligation of the municipality with respect to the special fund is the
329.24 financial requirements of the special fund reduced by the amount of any fire state aid and
329.25 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~
329.26 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the
329.27 municipality for transmittal to the special fund during the following calendar year, an amount
329.28 of interest on the assets of the special fund projected to the beginning of the following
329.29 calendar year calculated at the rate of five percent per annum, and the amount of any
329.30 contributions to the special fund required by the relief association bylaws from the active
329.31 members of the relief association reasonably anticipated to be received during the following
329.32 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not
329.33 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

329.34 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

330.1 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

330.2 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**

330.3 **levy.** (a) The officers of the relief association shall certify the financial requirements of the
330.4 special fund of the relief association and the minimum obligation of the municipality with
330.5 respect to the special fund of the relief association as determined under subdivision 3 on or
330.6 before August 1 of each year. The certification must be made to the entity that is responsible
330.7 for satisfying the minimum obligation with respect to the special fund of the relief association.
330.8 If the responsible entity is a joint powers entity, the certification must be made in the manner
330.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this
330.10 point, the certification must be made to the chair of the joint powers board.

330.11 (b) The financial requirements of the relief association and the minimum municipal
330.12 obligation must be included in the financial report or financial statement under section
330.13 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial
330.14 requirements must be filed with the state auditor by March 31, annually, if the relief
330.15 association is required to file a financial statement under section ~~69.051, subdivision 1a~~
330.16 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file
330.17 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

330.18 (c) The municipality shall provide for at least the minimum obligation of the municipality
330.19 with respect to the special fund of the relief association by tax levy or from any other source
330.20 of public revenue.

330.21 (d) The municipality may levy taxes for the payment of the minimum municipal obligation
330.22 without any limitation as to rate or amount and irrespective of any limitations imposed by
330.23 other provisions of law upon the rate or amount of taxation until the balance of the special
330.24 fund or any fund of the relief association has attained a specified level. In addition, any
330.25 taxes levied under this section must not cause the amount or rate of any other taxes levied
330.26 in that year or to be levied in a subsequent year by the municipality which are subject to a
330.27 limitation as to rate or amount to be reduced.

330.28 (e) If the municipality does not include the full amount of the minimum municipal
330.29 obligations in its levy for any year, the officers of the relief association shall certify that
330.30 amount to the county auditor, who shall spread a levy in the amount of the certified minimum
330.31 municipal obligation on the taxable property of the municipality.

330.32 (f) If the state auditor determines that a municipal contribution actually made in a plan
330.33 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
330.34 state auditor may request a copy of the certifications under this subdivision from the relief

331.1 association or from the city. The relief association or the city, whichever applies, must
331.2 provide the certifications within 14 days of the date of the request from the state auditor.

331.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

331.4 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

331.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall
331.6 determine the minimum obligation of the municipality with respect to the special fund of
331.7 the relief association for the following calendar year on or before August 1 of each year in
331.8 accordance with the requirements of this subdivision.

331.9 (b) The minimum obligation of the municipality with respect to the special fund is an
331.10 amount equal to the financial requirements of the special fund of the relief association
331.11 determined under subdivision 4, reduced by the estimated amount of any fire state aid and
331.12 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~
331.13 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the
331.14 municipality for transmittal to the special fund of the relief association during the following
331.15 year and the amount of any anticipated contributions to the special fund required by the
331.16 relief association bylaws from the active members of the relief association reasonably
331.17 anticipated to be received during the following calendar year. A reasonable amount of
331.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually received
331.19 in the prior year multiplied by the factor 1.035.

331.20 (c) The officers of the relief association shall certify the financial requirements of the
331.21 special fund of the relief association and the minimum obligation of the municipality with
331.22 respect to the special fund of the relief association as determined under subdivision 4 and
331.23 this subdivision by August 1 of each year. The certification must be made to the entity that
331.24 is responsible for satisfying the minimum obligation with respect to the special fund of the
331.25 relief association. If the responsible entity is a joint powers entity, the certification must be
331.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement
331.27 is silent on this point, the certification must be made to the chair of the joint powers board.

331.28 (d) The financial requirements of the relief association and the minimum municipal
331.29 obligation must be included in the financial report or financial statement under section
331.30 ~~69.051~~ 424A.014.

331.31 (e) The municipality shall provide for at least the minimum obligation of the municipality
331.32 with respect to the special fund of the relief association by tax levy or from any other source
331.33 of public revenue. The municipality may levy taxes for the payment of the minimum

332.1 municipal obligation without any limitation as to rate or amount and irrespective of any
332.2 limitations imposed by other provisions of law or charter upon the rate or amount of taxation
332.3 until the balance of the special fund or any fund of the relief association has attained a
332.4 specified level. In addition, any taxes levied under this section must not cause the amount
332.5 or rate of any other taxes levied in that year or to be levied in a subsequent year by the
332.6 municipality which are subject to a limitation as to rate or amount to be reduced.

332.7 (f) If the municipality does not include the full amount of the minimum municipal
332.8 obligation in its levy for any year, the officers of the relief association shall certify that
332.9 amount to the county auditor, who shall spread a levy in the amount of the minimum
332.10 municipal obligation on the taxable property of the municipality.

332.11 (g) If the state auditor determines that a municipal contribution actually made in a plan
332.12 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
332.13 state auditor may request from the relief association or from the city a copy of the
332.14 certifications under this subdivision. The relief association or the city, whichever applies,
332.15 must provide the certifications within 14 days of the date of the request from the state auditor.

332.16 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to
332.17 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

332.18 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

332.19 **424B.09 ADMINISTRATIVE EXPENSES.**

332.20 The payment of authorized administrative expenses of the subsequent volunteer
332.21 firefighters relief association must be from the special fund of the subsequent volunteer
332.22 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,
332.23 and as provided for in the bylaws of the subsequent volunteer firefighters relief association
332.24 and approved by the board of trustees of the subsequent volunteer firefighters relief
332.25 association. The payment of any other expenses of the subsequent volunteer firefighters
332.26 relief association must be from the general fund of the subsequent volunteer firefighters
332.27 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided
332.28 for in the bylaws of the subsequent volunteer firefighters relief association and approved
332.29 by the board of trustees of the subsequent volunteer firefighters relief association.

332.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

332.31 Sec. 29. **REPEALER.**

332.32 Minnesota Statutes 2018, section 69.022, is repealed.

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

333.2 **ARTICLE 21**

333.3 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

333.4 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

333.5 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been
333.6 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose
333.7 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis
333.8 for the revocation or cancellation, the date of the revocation or cancellation, and ~~stating~~
333.9 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the
333.10 permit was reinstated.

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

333.12 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

333.13 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

333.14 Subdivision 1. **Definitions.** (a) The following definitions apply for the purposes of this
333.15 section.

333.16 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes
333.17 any officer of a corporation or member of a partnership.

333.18 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable
333.19 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been
333.20 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

333.21 Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner ~~shall~~
333.22 must issue a permit to each applicant who has complied with section 297A.83, and with
333.23 section 297A.92 if security is required. A person is considered to have a permit if the person
333.24 has a Minnesota tax identification number issued by the commissioner that is currently
333.25 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is
333.26 not assignable and is valid only for the person in whose name it is granted and for the
333.27 transaction of business at the places designated on the permit.

333.28 Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner
333.29 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

333.30 (b) The commissioner must issue a permit to an applicant if an appeal period of an order
333.31 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner

334.1 may cancel a permit issued under this paragraph in the manner provided in subdivision 4
334.2 if the applicant owes delinquent sales tax after the appeal period has ended.

334.3 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues
334.4 a permit that does not conform with the requirements of this section or applicable rules, the
334.5 commissioner may cancel the permit upon notice to the permit holder. The notice must be
334.6 served by first class and certified mail at the permit holder's last known address. The
334.7 cancellation is effective immediately.

334.8 (b) If a permit holder shows that a canceled permit was issued in conformance with the
334.9 requirements of this section and applicable rules, the commissioner must reissue the permit.

334.10 **EFFECTIVE DATE.** This section is effective for permit applications filed after
334.11 December 31, 2019.

334.12 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

334.13 **297A.85 CANCELLATION OF PERMITS.**

334.14 The commissioner may cancel a permit if one of the following conditions occurs:

334.15 (1) the permit holder has not filed a sales or use tax return for at least one year;

334.16 (2) the permit holder has not reported any sales or use tax liability on the permit holder's
334.17 returns for at least two years;

334.18 (3) the permit holder requests cancellation of the permit; ~~or~~

334.19 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision
334.20 2, paragraph (a); or

334.21 (5) the permit is subject to cancellation under section 297A.84.

334.22 **EFFECTIVE DATE.** This section is effective for permit applications filed after
334.23 December 31, 2019.

334.24 Sec. 4. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

334.25 Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law,
334.26 a statutory or home rule charter city may by ordinance, and a town may by the affirmative
334.27 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax
334.28 of up to three percent on the gross receipts from the furnishing for consideration of lodging
334.29 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing
334.30 of it for a continuous period of 30 days or more. A statutory or home rule charter city may

335.1 by ordinance impose the tax authorized under this subdivision on the camping site receipts
335.2 of a municipal campground.

335.3 (b) Regardless of whether the tax is collected locally or by the state, the tax imposed
335.4 under this subdivision or under a special law applies to the entire consideration paid to
335.5 obtain access to lodging, including ancillary or related services, such as services provided
335.6 by an accommodations intermediary as defined in section 297A.61, subdivision 47, and
335.7 similar services.

335.8 **EFFECTIVE DATE; APPLICATION.** This section is effective for sales and purchases
335.9 made after June 30, 2019. The legislature does not intend enactment of this section to create
335.10 a presumption regarding the intent of prior legislatures to include or exclude services provided
335.11 by an accommodations intermediary as defined in Minnesota Statutes, section 297A.61,
335.12 subdivision 47, in the definition of lodging under Minnesota Statutes, section 469.190, or
335.13 any special law granting authority to impose a tax on lodging.

335.14 Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

335.15 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the
335.16 commissioner of revenue that a tax imposed pursuant to this section shall be collected by
335.17 the commissioner together with the tax imposed by chapter 297A, and subject to the same
335.18 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be
335.19 remitted to the city.

335.20 (b) If a tax under this section or a special law is not collected by the commissioner of
335.21 revenue, the local government imposing the tax may by ordinance limit the required filing
335.22 and remittance of the tax by an accommodations intermediary as defined in section 297A.61,
335.23 subdivision 47, to once every calendar year. If the ordinance limits the filing and remittance
335.24 of the tax in this manner, then:

335.25 (1) the due date is October 20;

335.26 (2) the local government must inform the accommodations intermediary of the due date
335.27 of the filing and remittance; and

335.28 (3) the local government must also electronically provide an accommodations
335.29 intermediary with geographic and zip code information necessary to collect the tax.

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

336.1 Sec. 6. **REPEALER.**

336.2 Minnesota Statutes 2018, section 270C.131, is repealed.

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

336.4 **ARTICLE 22**

336.5 **DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

336.6 Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

336.7 Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**
336.8 **veterans with a disability.** Real and personal property is exempt if it is located in the
336.9 Superior National Forest, and owned or leased and operated by a nonprofit organization
336.10 that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue
336.11 Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a
336.12 disability and their families.

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

336.14 Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

336.15 Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability.** Real
336.16 and personal property is exempt if it is located in a county in the metropolitan area with a
336.17 population of less than 500,000 according to the 2000 federal census, and owned or leased
336.18 and operated by a nonprofit organization, and primarily used to provide recreational
336.19 opportunities for ~~disabled~~ veterans with a disability and their families.

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

336.21 Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

336.22 **273.032 MARKET VALUE DEFINITION.**

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

336.30 (1) the market value exclusions under:

- 337.1 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);
- 337.2 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);
- 337.3 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);
- 337.4 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 337.5 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 337.6 family caregiver); or
- 337.7 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 337.8 (2) the deferment of value under:
- 337.9 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 337.10 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 337.11 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 337.12 (iv) the rural preserves property tax program, section 273.114; or
- 337.13 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 337.14 (3) the adjustments to tax capacity for:
- 337.15 (i) tax increment financing under sections 469.174 to 469.1794;
- 337.16 (ii) fiscal disparities under chapter 276A or 473F; or
- 337.17 (iii) powerline credit under section 273.425.
- 337.18 (b) Estimated market value under paragraph (a) also includes the market value of
- 337.19 tax-exempt property if the applicable law specifically provides that the limitation,
- 337.20 qualification, or aid calculation includes tax-exempt property.
- 337.21 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 337.22 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 337.23 to the estimated market value for the previous assessment year and for purposes of limits
- 337.24 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 337.25 estimated market value as last finally equalized.
- 337.26 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 337.27 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 337.28 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 337.29 value, the terms "market value," "taxable market value," and "market valuation," whether
- 337.30 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

338.2 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

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

338.8 The first \$500,000 of market value of class 1a property has a net classification rate of
338.9 one percent of its market value; and the market value of class 1a property that exceeds
338.10 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

338.15 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with
338.16 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

338.17 (3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~
338.18 homesteading a property classified under this paragraph for taxes payable in 2008.

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

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

338.26 Permanently and totally disabled for the purpose of this subdivision means a condition
338.27 which is permanent in nature and totally incapacitates the person from working at an
338.28 occupation which brings the person an income. The first \$50,000 market value of class 1b
338.29 property has a net classification rate of .45 percent of its market value. The remaining market
338.30 value of class 1b property is classified as class 1a or class 2a property, whichever is
338.31 appropriate.

339.1 (c) Class 1c property is commercial use real and personal property that abuts public
339.2 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
339.3 the Department of Natural Resources, and is devoted to temporary and seasonal residential
339.4 occupancy for recreational purposes but not devoted to commercial purposes for more than
339.5 250 days in the year preceding the year of assessment, and that includes a portion used as
339.6 a homestead by the owner, which includes a dwelling occupied as a homestead by a
339.7 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
339.8 resort, or a member of a limited liability company that owns the resort even if the title to
339.9 the homestead is held by the corporation, partnership, or limited liability company. For
339.10 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
339.11 if any portion of the property, excluding the portion used exclusively as a homestead, is
339.12 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
339.13 property must contain three or more rental units. A "rental unit" is defined as a cabin,
339.14 condominium, townhouse, sleeping room, or individual camping site equipped with water
339.15 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
339.16 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
339.17 or cross-country ski equipment; provide marina services, launch services, or guide services;
339.18 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
339.19 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
339.20 for class 1c even though it may remain available for rent. A camping pad offered for rent
339.21 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
339.22 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
339.23 the same owner owns two separate parcels that are located in the same township, and one
339.24 of those properties is classified as a class 1c property and the other would be eligible to be
339.25 classified as a class 1c property if it was used as the homestead of the owner, both properties
339.26 will be assessed as a single class 1c property; for purposes of this sentence, properties are
339.27 deemed to be owned by the same owner if each of them is owned by a limited liability
339.28 company, and both limited liability companies have the same membership. The portion of
339.29 the property used as a homestead is class 1a property under paragraph (a). The remainder
339.30 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
339.31 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
339.32 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
339.33 percent. Owners of real and personal property devoted to temporary and seasonal residential
339.34 occupancy for recreation purposes in which all or a portion of the property was devoted to
339.35 commercial purposes for not more than 250 days in the year preceding the year of assessment
339.36 desiring classification as class 1c, must submit a declaration to the assessor designating the

340.1 cabins or units occupied for 250 days or less in the year preceding the year of assessment
340.2 by January 15 of the assessment year. Those cabins or units and a proportionate share of
340.3 the land on which they are located must be designated as class 1c as otherwise provided.
340.4 The remainder of the cabins or units and a proportionate share of the land on which they
340.5 are located must be designated as class 3a commercial. The owner of property desiring
340.6 designation as class 1c property must provide guest registers or other records demonstrating
340.7 that the units for which class 1c designation is sought were not occupied for more than 250
340.8 days in the year preceding the assessment if so requested. The portion of a property operated
340.9 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
340.10 other nonresidential facility operated on a commercial basis not directly related to temporary
340.11 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

340.12 (d) Class 1d property includes structures that meet all of the following criteria:

340.13 (1) the structure is located on property that is classified as agricultural property under
340.14 section 273.13, subdivision 23;

340.15 (2) the structure is occupied exclusively by seasonal farm workers during the time when
340.16 they work on that farm, and the occupants are not charged rent for the privilege of occupying
340.17 the property, provided that use of the structure for storage of farm equipment and produce
340.18 does not disqualify the property from classification under this paragraph;

340.19 (3) the structure meets all applicable health and safety requirements for the appropriate
340.20 season; and

340.21 (4) the structure is not salable as residential property because it does not comply with
340.22 local ordinances relating to location in relation to streets or roads.

340.23 The market value of class 1d property has the same classification rates as class 1a property
340.24 under paragraph (a).

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

340.26 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

340.27 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)
340.28 All or a portion of the market value of property owned by a veteran and serving as the
340.29 veteran's homestead under this section is excluded in determining the property's taxable
340.30 market value if the veteran has a service-connected disability of 70 percent or more as
340.31 certified by the United States Department of Veterans Affairs. To qualify for exclusion
340.32 under this subdivision, the veteran must have been honorably discharged from the United

341.1 States armed forces, as indicated by United States Government Form DD214 or other official
341.2 military discharge papers.

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

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

341.7 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under
341.8 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the
341.9 veteran the spouse holds the legal or beneficial title to the homestead and permanently
341.10 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the
341.11 current taxes payable year and for eight additional taxes payable years or until such time
341.12 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever
341.13 comes first. Qualification under this paragraph requires an application under paragraph (h),
341.14 and a spouse must notify the assessor if there is a change in the spouse's marital status,
341.15 ownership of the property, or use of the property as a permanent residence.

341.16 (d) If the spouse of a member of any branch or unit of the United States armed forces
341.17 who dies due to a service-connected cause while serving honorably in active service, as
341.18 indicated on United States Government Form DD1300 or DD2064, holds the legal or
341.19 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
341.20 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such
341.21 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
341.22 whichever comes first.

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

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

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

342.1 (h) To qualify for a valuation exclusion under this subdivision a property owner must
342.2 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.
342.3 For an application received after July 1, the exclusion shall become effective for the following
342.4 assessment year. Except as provided in paragraph (c), the owner of a property that has been
342.5 accepted for a valuation exclusion must notify the assessor if there is a change in ownership
342.6 of the property or in the use of the property as a homestead.

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

342.9 (j) For purposes of this subdivision:

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

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

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

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

342.17 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
342.18 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
342.19 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries
342.20 or sells, transfers, or otherwise disposes of the property if:

342.21 (1) the spouse files a first-time application within two years of the death of the service
342.22 member or by June 1, 2019, whichever is later;

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

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

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

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

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

342.30 (l) The purpose of this provision of law providing a level of homestead property tax
342.31 relief for ~~gravely disabled~~ veterans with a disability, their primary family caregivers, and

343.1 their surviving spouses is to help ease the burdens of war for those among our state's citizens
343.2 who bear those burdens most heavily.

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

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

343.6 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

343.7 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married
343.8 to each other must file a joint Minnesota income tax return if they filed a joint federal income
343.9 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax
343.10 returns, they must file separate Minnesota income tax returns. This election to file a joint
343.11 or separate return must be changed if they change their election for federal purposes. In the
343.12 event taxpayers desire to change their election, the change must be done in the manner and
343.13 on the form prescribed by the commissioner.

343.14 The determination of whether an individual is married shall be made under the provisions
343.15 of section 7703 of the Internal Revenue Code.

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

343.17 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

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

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

344.1 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

344.2 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by a ~~husband~~
344.3 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for
344.4 relief from a liability attributable to an underpayment under section 6015(b) of the Internal
344.5 Revenue Code is relieved of the state income tax liability on the underpayment.

344.6 (b) In the case of individuals who were a ~~husband and wife~~ married as determined in
344.7 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their
344.8 legal separation, or prior to the death of one of the individuals, for tax liabilities reported
344.9 on a joint or combined return, the liability of each person is limited to the proportion of the
344.10 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~
344.11 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective
344.12 only when the commissioner receives written notice of the marriage dissolution, legal
344.13 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may
344.14 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more
344.15 than 60 days before receipt by the commissioner of the written notice.

344.16 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes
344.17 reported on a return must be made within six years after the due date of the return. For
344.18 calculation of separate liability for taxes assessed by the commissioner under section 289A.35
344.19 or 289A.37, the request must be made within six years after the date of assessment. The
344.20 commissioner is not required to calculate separate liability if the remaining unpaid liability
344.21 for which recalculation is requested is \$100 or less.

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

344.23 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

344.24 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return
344.25 is filed by a ~~husband and wife~~ spouses, an order of assessment may be a single joint notice.
344.26 If the commissioner has been notified by either spouse that that spouse's address has changed
344.27 and if that spouse requests it, then, instead of the single joint notice mailed to the last known
344.28 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be
344.29 sent to the requesting spouse at the address designated by the requesting spouse. The other
344.30 joint notice must be mailed to the other spouse at that spouse's last known address. An
344.31 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the
344.32 notice in the same period as if it had been mailed to that spouse at the correct address or if
344.33 the spouse has failed to provide an address to the commissioner other than the last known
344.34 address.

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

345.2 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

345.3 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal
345.4 taxable income of the individual's subtraction base amount. The excess of the subtraction
345.5 base amount over the taxable net income computed without regard to the subtraction for
345.6 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,
345.7 may be used to reduce the amount of a lump sum distribution subject to tax under section
345.8 290.032.

345.9 (b)(1) The initial subtraction base amount equals

345.10 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

345.11 (ii) \$9,600 for a single taxpayer, and

345.12 (iii) \$6,000 for a married taxpayer filing a separate federal return.

345.13 (2) The qualified individual's initial subtraction base amount, then, must be reduced by
345.14 the sum of nontaxable retirement and disability benefits and one-half of the amount of
345.15 adjusted gross income in excess of the following thresholds:

345.16 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified
345.17 individuals,

345.18 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one
345.19 spouse is a qualified individual, and

345.20 (iii) \$9,000 for a married taxpayer filing a separate federal return.

345.21 (3) In the case of a qualified individual who is under the age of 65, the maximum amount
345.22 of the subtraction base may not exceed the taxpayer's disability income.

345.23 (4) The resulting amount is the subtraction base amount.

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

345.25 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

345.26 Subd. 3. **Restrictions; married couples.** Except in the case of a ~~husband and wife~~
345.27 spouses who live apart at all times during the taxable year, if the taxpayer is married at the
345.28 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers
345.29 file joint federal and state income tax returns for the taxable year.

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

346.1 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

346.6 (1) the taxpayer's federal alternative minimum taxable income as defined in section
346.7 55(b)(2) of the Internal Revenue Code;

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

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

346.11 (ii) the medical expense deduction;

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

346.13 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

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

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

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

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

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

346.27 (i) interest income as defined in section 290.0132, subdivision 2;

346.28 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
346.29 3, to the extent included in federal alternative minimum taxable income;

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

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

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

347.5 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
347.6 paragraph (c).

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

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

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

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

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

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

347.18 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

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

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

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

347.22 (i) all nontaxable income;

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

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

347.29 (iv) cash public assistance and relief;

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

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

348.8 (vii) workers' compensation;

348.9 (viii) nontaxable strike benefits;

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

348.13 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
348.14 1986, as amended through December 31, 1995;

348.15 (xi) contributions made by the claimant to an individual retirement account, including
348.16 a qualified voluntary employee contribution; simplified employee pension plan;
348.17 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
348.18 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
348.19 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
348.20 the claimant and spouse;

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

348.23 (xiii) nontaxable scholarship or fellowship grants;

348.24 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

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

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

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

348.31 In the case of an individual who files an income tax return on a fiscal year basis, the
348.32 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in

349.1 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced
349.2 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
349.3 or carryforward allowed for the year.

349.4 (b) "Income" does not include:

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

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

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

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

349.14 (5) relief granted under this chapter;

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

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

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

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

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

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

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

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

349.26 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age
349.27 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,
349.28 the exemption amount.

349.29 (d) For purposes of this subdivision, the "exemption amount" means the exemption
349.30 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
349.31 the income is reported; "retirement base amount" means the deductible amount for the

350.1 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue
350.2 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue
350.3 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional
350.4 or Roth style retirement account or plan" means retirement plans under sections 401, 403,
350.5 408, 408A, and 457 of the Internal Revenue Code.

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

350.7 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

350.8 Subd. 4. **Household.** "Household" means a claimant and an individual related to the
350.9 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

350.11 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

350.12 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined
350.13 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)
350.14 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a
350.15 resident of this state as provided in chapter 290 during the calendar year for which the claim
350.16 for relief was filed.

350.17 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall
350.18 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu
350.19 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem
350.20 taxes, are payable at some time during the calendar year covered by the claim.

350.21 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,
350.22 long-term residential facility, or a facility that accepts housing support payments whose
350.23 rent constituting property taxes is paid pursuant to the Supplemental Security Income
350.24 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
350.25 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
350.26 of the Social Security Act, or the housing support program under chapter 256I.

350.27 If only a portion of the rent constituting property taxes is paid by these programs, the
350.28 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant
350.29 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as
350.30 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income
350.31 from the above sources other than vendor payments under the medical assistance program
350.32 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),

351.1 plus vendor payments under the medical assistance program, to determine the allowable
351.2 refund pursuant to this chapter.

351.3 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,
351.4 intermediate care facility, long-term residential facility, or facility for which the rent was
351.5 paid for the claimant by the housing support program for only a portion of the calendar year
351.6 covered by the claim, the claimant may compute rent constituting property taxes by
351.7 disregarding the rent constituting property taxes from the nursing home or facility and use
351.8 only that amount of rent constituting property taxes or property taxes payable relating to
351.9 that portion of the year when the claimant was not in the facility. The claimant's household
351.10 income is the income for the entire calendar year covered by the claim.

351.11 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota
351.12 resident, the income and rental reflected in this computation shall be for the period of
351.13 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at
351.14 federal adjusted gross income cannot be utilized for this computation. When two individuals
351.15 of a household are able to meet the qualifications for a claimant, they may determine among
351.16 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred
351.17 to the commissioner of revenue whose decision shall be final. If a homestead property owner
351.18 was a part-year Minnesota resident, the income reflected in the computation made pursuant
351.19 to section 290A.04 shall be for the entire calendar year, including income not assignable to
351.20 Minnesota.

351.21 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~
351.22 married to each other, the rent shall be deemed to be paid equally by each, and separate
351.23 claims shall be filed by each. The income of each shall be each renter's household income
351.24 for purposes of computing the amount of credit to be allowed.

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

351.26 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

351.27 **290A.05 COMBINED HOUSEHOLD INCOME.**

351.28 If a person occupies a homestead with another person ~~or persons~~ not related to the person
351.29 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on
351.30 contract, and has property tax payable with respect to the homestead, the household income
351.31 of the claimant or claimants for the purpose of computing the refund allowed by section
351.32 290A.04 shall include the total income received by the other persons residing in the
351.33 homestead. For purposes of this section, "dependent" includes a parent of the claimant or

352.1 spouse who lives in the claimant's homestead and does not have an ownership interest in
352.2 the homestead. If a person occupies a homestead with another person or persons not related
352.3 to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax
352.4 payable or rent constituting property tax shall be reduced as follows.

352.5 If the other person or persons are residing at the homestead under rental or lease
352.6 agreement, the amount of property tax payable or rent constituting property tax shall be that
352.7 portion not covered by the rental agreement.

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

352.9 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

352.10 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

352.11 Only one claimant per household per year is entitled to relief under this chapter. Payment
352.12 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.
352.13 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~
352.14 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or
352.15 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during
352.16 the year may elect to file a joint claim which shall include each spouse's income, rent
352.17 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who
352.18 were married for the entire year and were domiciled in the same household for the entire
352.19 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall
352.20 not exceed the amount that one person could receive.

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

352.22 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

352.23 **290A.09 PROOF OF CLAIM.**

352.24 Every claimant shall supply to the commissioner of revenue, in support of the claim,
352.25 proof of eligibility under this chapter, including but not limited to amount of rent paid or
352.26 property taxes accrued, name and address of owner or managing agent of property rented,
352.27 changes in homestead, household membership, household income, size and nature of property
352.28 claimed as a homestead.

352.29 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the
352.30 form and manner as the commissioner may prescribe. The department may require
352.31 examination and certification by the claimant's physician or by a physician designated by
352.32 the commissioner. The cost of any examination shall be borne by the claimant, unless the

353.1 examination proves the disability, in which case the cost of the examination shall be borne
353.2 by the commissioner.

353.3 A determination of disability of a claimant by the Social Security Administration under
353.4 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

353.6 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

353.7 Subd. 18. **Disabled Person with a disability.** "Disabled Person with a disability" means
353.8 an individual who has a permanent and total disability as defined in section 273.13,
353.9 subdivision 22.

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

353.11 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

353.12 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for
353.13 and served exclusively to individuals who are 60 years of age or over and their spouses or
353.14 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit
353.15 organizations, or churches, or pursuant to any program funded in whole or in part through
353.16 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or
353.17 served, are exempt. Taxable food sold through vending machines is not exempt.

353.18 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children
353.19 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than
353.20 16 years of age and who are attending a child care or early childhood education program,
353.21 are exempt if they are:

353.22 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,
353.23 subdivision 4, and that primarily serves families with income of 250 percent or less of
353.24 federal poverty guidelines; and

353.25 (2) prepared at the site of the child care facility.

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

353.27 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

353.28 Subd. 12. **Parts and accessories used to make a motor vehicle disabled accessible**
353.29 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to
353.30 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

354.2 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

354.3 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales
354.4 to or use by the specified governments and political subdivisions of the state are exempt:

354.5 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire
354.6 apparatus to a political subdivision;

354.7 (2) machinery and equipment, except for motor vehicles, used directly for mixed
354.8 municipal solid waste management services at a solid waste disposal facility as defined in
354.9 section 115A.03, subdivision 10;

354.10 (3) chore and homemaking services to a political subdivision of the state to be provided
354.11 to elderly individuals or ~~disabled individuals~~ persons with a disability;

354.12 (4) telephone services to the Office of MN.IT Services that are used to provide
354.13 telecommunications services through the MN.IT services revolving fund;

354.14 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
354.15 or authorized by and for the use of an organized fire department, fire protection district, or
354.16 fire company regularly charged with the responsibility of providing fire protection to the
354.17 state or a political subdivision;

354.18 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
354.19 protection, if purchased by a law enforcement agency of the state or a political subdivision
354.20 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

354.21 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles
354.22 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt
354.23 from taxation under section 473.448, or exempt from the motor vehicle sales tax under
354.24 section 297B.03, clause (12);

354.25 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
354.26 treatment facilities of political subdivisions, and materials incidental to installation of that
354.27 equipment;

354.28 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,
354.29 trails, or firebreaks when purchased by an agency of the state or a political subdivision of
354.30 the state;

355.1 (10) purchases by the Metropolitan Council or the Department of Transportation of
355.2 vehicles and repair parts to equip operations provided for in section 174.90, including, but
355.3 not limited to, the Northstar Corridor Rail project; and

355.4 (11) purchases of water used directly in providing public safety services by an organized
355.5 fire department, fire protection district, or fire company regularly charged with the
355.6 responsibility of providing fire protection to the state or a political subdivision.

355.7 (b) For purposes of this subdivision, "firefighters personal protective equipment" means
355.8 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including
355.9 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;
355.10 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety
355.11 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment
355.12 required by the Occupational Safety and Health Administration.

355.13 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed
355.14 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded
355.15 in the manner provided in section 297A.75.

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

355.17 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

355.18 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
355.19 to the following "nonprofit organizations" are exempt:

355.20 (1) a corporation, society, association, foundation, or institution organized and operated
355.21 exclusively for charitable, religious, or educational purposes if the item purchased is used
355.22 in the performance of charitable, religious, or educational functions;

355.23 (2) any senior citizen group or association of groups that:

355.24 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~
355.25 ~~disabled~~ persons with a physical disability;

355.26 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
355.27 purposes, not including housing, no part of the net earnings of which inures to the benefit
355.28 of any private shareholders; and

355.29 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

355.30 (3) an organization that qualifies for an exemption for memberships under subdivision
355.31 12 if the item is purchased and used in the performance of the organization's mission.

356.1 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
356.2 owned by a religious organization.

356.3 (b) This exemption does not apply to the following sales:

356.4 (1) building, construction, or reconstruction materials purchased by a contractor or a
356.5 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
356.6 maximum price covering both labor and materials for use in the construction, alteration, or
356.7 repair of a building or facility;

356.8 (2) construction materials purchased by tax-exempt entities or their contractors to be
356.9 used in constructing buildings or facilities that will not be used principally by the tax-exempt
356.10 entities;

356.11 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
356.12 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
356.13 subdivision 2, except wine purchased by an established religious organization for sacramental
356.14 purposes or as allowed under subdivision 9a; and

356.15 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
356.16 provided in paragraph (c).

356.17 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
356.18 subdivision 11, only if the vehicle is:

356.19 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
356.20 passenger automobile, as defined in section 168.002, if the automobile is designed and used
356.21 for carrying more than nine persons including the driver; and

356.22 (2) intended to be used primarily to transport tangible personal property or individuals,
356.23 other than employees, to whom the organization provides service in performing its charitable,
356.24 religious, or educational purpose.

356.25 (d) A limited liability company also qualifies for exemption under this subdivision if
356.26 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
356.27 purchased qualify for the exemption.

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

356.29 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

356.30 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

357.1 (1) services primarily for children, adults accompanying children, or persons with
357.2 ~~disabilities~~ a disability; or

357.3 (2) educational or religious activities;

357.4 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section
357.5 501(c)(3) of the Internal Revenue Code.

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

357.7 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

357.8 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**
357.9 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed
357.10 by, a nonprofit organization are exempt if:

357.11 (1) the materials and equipment are used or incorporated into modifying an existing
357.12 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

357.13 (2) the materials and equipment used in the modification would qualify for an exemption
357.14 under either subdivision 11 or 12 if made by the current owner of the residence.

357.15 For purposes of this subdivision, "nonprofit organization" means any nonprofit
357.16 corporation, society, association, foundation, or institution organized and operated exclusively
357.17 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from
357.18 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

357.20 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

357.24 (1) building materials for an agricultural processing facility exempt under section
357.25 297A.71, subdivision 13;

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

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

357.29 (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt
357.30 under section 297A.71, subdivision 11;

- 358.1 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 358.2 (6) materials and supplies for qualified low-income housing under section 297A.71,
358.3 subdivision 23;
- 358.4 (7) materials, supplies, and equipment for municipal electric utility facilities under
358.5 section 297A.71, subdivision 35;
- 358.6 (8) equipment and materials used for the generation, transmission, and distribution of
358.7 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
358.8 37;
- 358.9 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
358.10 (a), clause (10);
- 358.11 (10) materials, supplies, and equipment for construction or improvement of projects and
358.12 facilities under section 297A.71, subdivision 40;
- 358.13 (11) materials, supplies, and equipment for construction, improvement, or expansion
358.14 of:
- 358.15 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
358.16 section 297A.71, subdivision 42;
- 358.17 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
358.18 45;
- 358.19 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
358.20 297A.71, subdivision 46; and
- 358.21 (iv) an industrial measurement manufacturing and controls facility exempt under
358.22 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 358.23 (12) enterprise information technology equipment and computer software for use in a
358.24 qualified data center exempt under section 297A.68, subdivision 42;
- 358.25 (13) materials, supplies, and equipment for qualifying capital projects under section
358.26 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 358.27 (14) items purchased for use in providing critical access dental services exempt under
358.28 section 297A.70, subdivision 7, paragraph (c);
- 358.29 (15) items and services purchased under a business subsidy agreement for use or
358.30 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
358.31 44;

359.1 (16) building materials, equipment, and supplies for constructing or replacing real
359.2 property exempt under section 297A.71, subdivision 49; and

359.3 (17) building materials, equipment, and supplies for constructing or replacing real
359.4 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

359.6 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

359.7 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in
359.8 money for a sale, whether paid in money or otherwise. The purchase price excludes the
359.9 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is
359.10 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,
359.11 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted
359.12 from the total selling price to establish the purchase price of the vehicle being sold and the
359.13 trade-in allowance allowed by the seller shall constitute the purchase price of the motor
359.14 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle
359.15 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall
359.16 also include the average value of similar motor vehicles, established by standards and guides
359.17 as determined by the motor vehicle registrar. The purchase price in those instances where
359.18 a motor vehicle is manufactured by a person who registers it under the laws of this state
359.19 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean
359.20 the amount expended for materials, labor, and other properly allocable costs of manufacture,
359.21 except that in the absence of actual expenditures for the manufacture of a part or all of the
359.22 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor
359.23 vehicle.

359.24 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle
359.25 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to
359.26 persons with a disability.

359.27 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way
359.28 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization
359.29 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer
359.30 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the
359.31 title to such vehicle was registered in the name of the guardian, as guardian, only because
359.32 the ward was a minor.

360.1 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift
360.2 between a foster parent and foster child. For purposes of this subdivision, a foster relationship
360.3 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as
360.4 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the
360.5 county verifies that the child was a state ward or in permanent foster care.

360.6 (e) There shall not be included in "purchase price" the amount of any tax imposed by
360.7 the United States upon or with respect to retail sales whether imposed upon the retailer or
360.8 the consumer.

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

360.10 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

360.11 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"
360.12 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor
360.13 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange
360.14 or barter for any purpose other than resale in the regular course of business.

360.15 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or
360.16 by holding it in an effort to so lease it, and which is put to no other use by the owner other
360.17 than resale after such lease or effort to lease, shall be considered property purchased for
360.18 resale.

360.19 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by
360.20 other means, for or without consideration, except that these terms shall not include:

360.21 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
360.22 transfer-on-death of title by, a decedent who owned it;

360.23 (2) the transfer of a motor vehicle which was previously licensed in the names of two
360.24 or more joint tenants and subsequently transferred without monetary consideration to one
360.25 or more of the joint tenants;

360.26 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
360.27 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
360.28 no monetary or other consideration or expectation of consideration and the parties to the
360.29 transfer submit an affidavit to that effect at the time the title transfer is recorded;

360.30 (4) the transfer of a motor vehicle by gift between:

360.31 (i) spouses;

360.32 (ii) parents and a child; or

361.1 (iii) grandparents and a grandchild;

361.2 (5) the voluntary or involuntary transfer of a motor vehicle between ~~a husband and wife~~
361.3 spouses in a divorce proceeding; or

361.4 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from
361.5 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the
361.6 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

361.8 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

361.9 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
361.10 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
361.11 taconite assistance area defined in section 273.1341, shall be allocated as follows:

361.12 (1) five percent to the city or town within which the minerals or energy resources are
361.13 mined or extracted, or within which the concentrate was produced. If the mining and
361.14 concentration, or different steps in either process, are carried on in more than one taxing
361.15 district, the commissioner shall apportion equitably the proceeds among the cities and towns
361.16 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,
361.17 and the remainder to the concentrating plant and to the processes of concentration, and with
361.18 respect to each thereof giving due consideration to the relative extent of the respective
361.19 operations performed in each taxing district;

361.20 (2) ten percent to the taconite municipal aid account to be distributed as provided in
361.21 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

361.22 (3) ten percent to the school district within which the minerals or energy resources are
361.23 mined or extracted, or within which the concentrate was produced. If the mining and
361.24 concentration, or different steps in either process, are carried on in more than one school
361.25 district, distribution among the school districts must be based on the apportionment formula
361.26 prescribed in clause (1);

361.27 (4) 20 percent to a group of school districts comprised of those school districts wherein
361.28 the mineral or energy resource was mined or extracted or in which there is a qualifying
361.29 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
361.30 district indexes as follows: for each school district, its pupil units determined under section
361.31 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
361.32 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
361.33 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution

362.1 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that
362.2 portion of the distribution which its index bears to the sum of the indices for all school
362.3 districts that receive the distributions;

362.4 (5) 20 percent to the county within which the minerals or energy resources are mined
362.5 or extracted, or within which the concentrate was produced. If the mining and concentration,
362.6 or different steps in either process, are carried on in more than one county, distribution
362.7 among the counties must be based on the apportionment formula prescribed in clause (1),
362.8 provided that any county receiving distributions under this clause shall pay one percent of
362.9 its proceeds to the Range Association of Municipalities and Schools;

362.10 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed
362.11 as provided in sections 273.134 to 273.136;

362.12 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the
362.13 purposes of section 298.22;

362.14 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

362.15 (9) seven percent to the taconite environmental protection fund.

362.16 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

362.18 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision
362.19 to read:

362.20 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall
362.21 be distributed on December 15 each year. Any payment of proceeds received after December
362.22 15 shall be distributed on the next net proceeds tax distribution date.

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

362.24 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

362.25 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount
362.26 deposited with the county as provided in section 298.28, subdivision 3, must be distributed
362.27 as provided by this section among: (1) the municipalities comprising a taconite assistance
362.28 area under section 273.1341; (2) a township that contains a state park consisting primarily
362.29 of an underground iron ore mine; and (3) a city located within five miles of that state park,
362.30 each being referred to in this section as a qualifying municipality.

363.1 (b) The amount deposited in the state general fund as provided in section 298.018,
363.2 subdivision 1, must be distributed in the same manner as provided under paragraph (a)
363.3 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the
363.4 dates provided under section 298.018, subdivision 1a.

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

363.6 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,
363.7 is amended to read:

363.8 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after
363.9 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)
363.10 notices of entry of order mailed after June 30, 2019.

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

37.31 ISSUANCE OF BONDS.

Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2025.

69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
 - (1) a home rule charter or statutory city;
 - (2) an organized town;
 - (3) a park district subject to chapter 398;
 - (4) the University of Minnesota;
 - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
 - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
 - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
 - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
 - (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;
 - (2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, paragraph (b);
 - (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
 - (4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

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(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Subd. 2. Qualification for fire or police state aid. (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

(c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, paragraph (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace

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officer may be included in the certification of the number of peace officers by more than one employing unit for the same month.

(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.

Subd. 2b. Departments of Natural Resources and Public Safety. (a) On or before each March 15, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Enforcement Division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division.

(b) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

Subd. 2c. Ineligibility of certain police officers. A police officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state-aid certification under this section.

Subd. 3. Failure to file certificate deemed waiver. (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form may not be used as a defense for a failure to file.

Subd. 4. Qualification for fire state aid. (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; and

(2) having a separate subsidiary incorporated firefighter's relief association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal:

(1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief;

(2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment;

(3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots;

(4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment;

(5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm;

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(6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, having another piece of motorized apparatus to make the response; and

(7) meeting other requirements that the commissioner establishes by rule.

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer is liable and shall pay \$25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer which knowingly makes and files an inaccurate or false report is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form does not excuse the insurer from filing the report.

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of management and budget.** (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

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(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

Subd. 5. Calculation of state aid. (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

Subd. 7. Apportionment of fire state aid to municipalities and relief associations. (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the

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crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the estimated market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

Subd. 7a. Apportionment of police state aid. (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality, to each county, and to the Departments of Natural Resources and Public Safety in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, paragraph (g), and subdivision 2, paragraph (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities, counties, the Departments of Natural Resources and Public Safety, subject to any reduction under subdivision 10;

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(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

Subd. 8. Population and estimated market value. (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

Subd. 9. Appeal. (a) In the event that a municipality, a county, a fire relief association, the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or fire department is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

Subd. 10. Reduction in police state aid apportionment. (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(3) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, paragraph (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1, 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar year amount:

| Municipality | Maximum Amount |
|--------------|----------------|
| Albert Lea | \$54,157.01 |
| Anoka | 10,399.31 |
| Apple Valley | 5,442.44 |

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| | |
|---------------------|-----------|
| Austin | 49,864.73 |
| Bemidji | 27,671.38 |
| Brooklyn Center | 6,605.92 |
| Brooklyn Park | 24,002.26 |
| Burnsville | 15,956.00 |
| Cloquet | 4,260.49 |
| Coon Rapids | 39,920.00 |
| Cottage Grove | 8,588.48 |
| Crystal | 5,855.00 |
| East Grand Forks | 51,009.88 |
| Edina | 32,251.00 |
| Elk River | 5,216.55 |
| Ely | 13,584.16 |
| Eveleth | 16,288.27 |
| Fergus Falls | 6,742.00 |
| Fridley | 33,420.64 |
| Golden Valley | 11,744.61 |
| Hastings | 16,561.00 |
| Hopkins | 4,324.23 |
| International Falls | 14,400.69 |
| Lakeville | 782.35 |
| Lino Lakes | 5,324.00 |
| Little Falls | 7,889.41 |
| Maple Grove | 6,707.54 |
| Maplewood | 8,476.69 |
| Minnetonka | 10,403.00 |
| Montevideo | 1,307.66 |
| Moorhead | 68,069.26 |
| New Hope | 6,739.72 |
| North St. Paul | 4,241.14 |
| Northfield | 770.63 |
| Owatonna | 37,292.67 |
| Plymouth | 6,754.71 |
| Red Wing | 3,504.01 |
| Richfield | 53,757.96 |
| Rosemount | 1,712.55 |
| Roseville | 9,854.51 |
| St. Anthony | 33,055.00 |
| St. Louis Park | 53,643.11 |

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| | |
|------------------------|-----------|
| Thief River Falls | 28,365.04 |
| Virginia | 31,164.46 |
| Waseca | 11,135.17 |
| West St. Paul | 15,707.20 |
| White Bear Lake | 6,521.04 |
| Woodbury | 3,613.00 |
| any other municipality | 0.00 |

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

(d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the deduction under paragraph (c) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c) and (d) cancels to the general fund.

69.022 VOLUNTEER RETENTION STIPEND AID PILOT.

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

(b) "Commissioner," unless otherwise specified, means the commissioner of public safety.

(c) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(d) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(e) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(f) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(g) "Qualified volunteer" means one of the following types of volunteers who has provided service, for the entire prior calendar year, to one or more qualified entities:

(1) a volunteer firefighter as defined in section 299N.03, subdivision 7;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(h) "Pilot area" means the following groups of counties:

(1) southern Minnesota, consisting of the counties of Faribault, Fillmore, Freeborn, Houston, and Watonwan;

(2) west central Minnesota, consisting of the counties of Chippewa, Kandiyohi, Redwood, and Renville;

(3) central Minnesota, consisting of the counties of Morrison and Todd; and

(4) north central Minnesota, consisting of the counties of Beltrami, Clearwater, and Mahnommen.

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Subd. 2. **Certification.** By June 1 of the calendar year following the year in which the qualified volunteer provided service, the commissioner shall certify to the commissioner of revenue each qualified volunteer's name and the qualified entity for which the qualified volunteer provided service, but the commissioner must remove duplicate listings of qualified volunteers who provided service to more than one qualified entity so that each qualified volunteer is listed only once. The commissioner shall also certify to the commissioner of revenue the total amount of aid to be paid to each qualified entity under subdivision 3. For qualified entities that are not municipalities, the commissioner must indicate the municipality to which the aid is to be paid, as designated by the qualified entity.

Subd. 3. **Aid payment and calculation.** The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner of revenue shall pay the aid to qualified entities by July 15 of the calendar year following the year in which the qualified volunteer provided service. If a qualified entity is not a municipality, the commissioner shall pay the aid to the treasurer of the municipality designated by the qualified entity. The treasurer of the municipality shall, within 30 days of receipt of the aid, transmit the aid to the qualified entity.

Subd. 4. **Application.** Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 5. **Payment of stipends.** A qualified entity receiving state aid under this section must pay the aid as retention stipends of \$500 to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 6. **Report.** No later than January 15, 2018, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

(1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;

(2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and

(3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot, and the number of qualified volunteers in the year preceding the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in comparison counties in each of the three years of the pilot and in the year preceding the pilot, and must summarize changes in the number of qualified volunteers during the year preceding the pilot and during the three years of the pilot both within the pilot area and in the comparison counties. For purposes of this subdivision, "comparison counties" means counties designated by the commissioner to include at least half of the counties that border each group of counties in the pilot area, as specified in subdivision 1. Qualified entities in comparison counties must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner.

Subd. 7. **Appropriation.** An amount sufficient to pay the state aid under this section is appropriated from the general fund to the commissioner of revenue.

Subd. 8. **Sunset.** This section expires for aid payable after calendar year 2017, except that the reporting requirement in subdivision 6 remains in effect through 2018.

69.031 COMMISSIONER OF MANAGEMENT AND BUDGET; WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general

fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

69.041 SHORTFALL FROM GENERAL FUND.

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections 424A.091 to 424A.095, or Laws 2013, chapter 111, article 5, sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 297I.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire Department Relief Association and each volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighter relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

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(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality is ineligible to receive any future state aid. A municipality or firefighters' relief association does not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 2. **Treasurers bond.** (a) The treasurer of the Bloomington Fire Department Relief Association may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or (c) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

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(c) Each municipality qualifies to receive fire state aid under this chapter without filing a financial report under paragraph (a) if the municipality:

- (1) has an organized fire department;
- (2) does not have a volunteer firefighters relief association directly associated with its fire department;
- (3) does not participate in the statewide lump-sum volunteer firefighter retirement plan under chapter 353G;
- (4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and
- (5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.

For purposes of the first class city fire insurance premium tax surcharge aid program under section 297I.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

- (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;
- (2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;
- (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;
- (4) audit and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;
- (5) filing and application fees payable by the relief association to federal or other governmental entities;

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(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

270C.131 EXPLORE MINNESOTA TOURISM TAX REPORT.

Within 30 days of the end of each quarter, the Department of Revenue shall provide Explore Minnesota Tourism with a quarterly report of comparisons of quarterly sales taxes collected under the Standard Industrial Classification System, or equivalent codes in the North America Industry Classification System, in the following areas:

- (1) SIC 70, lodging;
- (2) SIC 79, amusement and recreation; and
- (3) SIC 58, eating and drinking.

275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.

289A.38 LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.

Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner. The report must be submitted within 180 days after the final determination and must be in the form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or income tax return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails to make a report as required by subdivision 7, the commissioner may recompute the tax, including a refund, based on 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. 9. **Report made of change or correction of federal return.** If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes

that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

290.0131 INDIVIDUALS; ADDITIONS TO FEDERAL TAXABLE INCOME.

Subd. 7. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

Subd. 11. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 12. **Disallowed itemized deductions.** (a) The amount of disallowed itemized deductions is an addition. The amount of disallowed itemized deductions, plus the addition required under subdivision 3, may not be more than the amount by which the itemized deductions, as allowed under section 63(d) of the Internal Revenue Code, exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code.

(b) The amount of disallowed itemized deductions is equal to the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(2) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year.

(c) "Applicable amount" means \$100,000, or \$50,000 for a married individual filing a separate return. Each dollar amount is increased by an amount equal to:

(1) that dollar amount, multiplied by

(2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

(d) "Itemized deductions" excludes:

(1) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(2) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(3) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code.

Subd. 13. **Disallowed personal exemption amount.** (a) The amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount is an addition.

(b) The disallowed personal exemption amount is equal to the number of personal exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the applicable percentage.

(c) For a married individual filing a separate return, "applicable percentage" means two percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. For all other filers, applicable percentage means two percentage points for each \$2,500, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. The applicable percentage must not exceed 100 percent.

(d) "Threshold amount" means:

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- (1) \$150,000 for a joint return or a surviving spouse;
- (2) \$125,000 for a head of a household;
- (3) \$100,000 for an individual who is not married and who is not a surviving spouse or head of a household; and
- (4) \$75,000 for a married individual filing a separate return.
- (e) The thresholds must be increased by an amount equal to:
 - (1) the threshold dollar amount, multiplied by
 - (2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

290.0132 INDIVIDUALS; SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.

Subd. 8. **Subnational foreign taxes.** (a) For individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year is a subtraction, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit.

(b) For purposes of this subdivision, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit.

290.0133 CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.

Subd. 13. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 14. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

290.10 NONDEDUCTIBLE ITEMS.

Subd. 2. **Fines, fees, and penalties.** (a) Except as provided in this subdivision, no deduction from taxable income for a trade or business expense under section 162(a) of the Internal Revenue Code shall be allowed for any amount paid or incurred, whether by suit, agreement, or otherwise, to, or at the direction of, a government or entity described in paragraph (d) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

(b) Exception for amounts constituting restitution or paid to come into compliance with the law. Paragraph (a) does not apply to any amount which:

- (1) the taxpayer establishes:
 - (i) constitutes restitution, including remediation of property for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law; or
 - (ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry; and
- (2) is identified as restitution or as an amount paid to come into compliance with the law, as the case may be, in the court order or settlement agreement.

This paragraph does not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

(c) Paragraph (a) does not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (d) is a party.

(d) An entity is described in this paragraph if it is:

- (1) a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, in connection with a qualified board or exchange, as defined in section 1256(g)(7) of the Internal Revenue Code; or

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(2) to the extent provided in federal regulations, a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, as part of performing an essential governmental function.

(e) Paragraph (a) does not apply to any amount paid or incurred as taxes due.

296A.03 DISTRIBUTOR'S LICENSE.

Subd. 5. **Form of application; bond.** (a) A written application shall be made in the form and manner prescribed by the commissioner.

(b) The commissioner shall also require the applicant or licensee to deposit with the commissioner of management and budget securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state. The bond shall cover all places of business within the state where petroleum products are received by the licensee. The applicant or licensee shall designate and maintain an agent in this state upon whom service may be made for all purposes of this section.

(c) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year.

(d) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient.

(e) A licensee who desires to be exempt from depositing securities or furnishing such bond shall furnish to the commissioner an itemized financial statement showing the assets and the liabilities of the applicant. If it appears to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt the applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(f) When the surety upon any bond issued under the provisions of this chapter have fulfilled the conditions of such bond and compensated the state for any loss occasioned by any act or omission of any licensee under this chapter, such surety shall be subrogated to all the rights of the state in connection with the transaction where such loss occurred.

296A.04 SPECIAL FUEL DEALER'S LICENSE; REQUIREMENTS.

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to special fuel dealers.

296A.05 BULK PURCHASER'S LICENSE; REQUIREMENTS.

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to bulk purchasers.

297A.66 JURISDICTION TO REQUIRE COLLECTION AND REMITTANCE OF TAX BY RETAILER.

Subd. 4b. **Collection and remittance requirements for marketplace providers and marketplace retailers.** (a) A marketplace provider shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer, and is subject to audit on the retail sales it facilitates unless either:

(1) the retailer provides a copy of the retailer's registration to collect sales and use tax in this state to the marketplace provider before the marketplace provider facilitates a sale; or

(2) upon inquiry by the marketplace provider or its agent, the commissioner discloses that the retailer is registered to collect sales and use taxes in this state.

(b) Nothing in this subdivision shall be construed to interfere with the ability of a marketplace provider and a retailer to enter into an agreement regarding fulfillment of the requirements of this chapter.

(c) A marketplace provider is not liable under this subdivision for failure to file and collect and remit sales and use taxes if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does

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not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).

297F.08 CIGARETTE STAMPS.

Subd. 5. **Deposit of proceeds.** The commissioner shall use the amounts appropriated by law to purchase stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into the general fund.

297I.25 INFORMATION RETURNS.

Subd. 2. **Firetown and police premium reports.** To the extent required by section 69.021, each insurer shall file with the commissioner a Minnesota firetown premium report and Minnesota aid to police premium report.

8125.0410 DISTRIBUTOR'S LICENSES.

Subpart 1. **Exemption from depositing securities or filing a bond.** The commissioner will determine which distributor license applicants are financially responsible and, as a result, qualify for the statutory exemption from depositing securities or filing a bond, by taking into consideration all relevant factors. Those factors include the following:

A. whether the applicant's financial statement reflects that the applicant's current assets are at least equal to its current liabilities and that the applicant's net worth is at least three times its average quarterly motor fuel tax liability;

B. whether the applicant has failed to file or has been delinquent in filing any motor fuel tax returns;

C. whether the applicant has ever failed to pay its motor fuel tax liability, paid it late, or paid with a check that was later returned by the bank unpaid; and

D. any other evidence of the financial responsibility of the applicant.