

**HOUSE OF REPRESENTATIVES****EIGHTY-EIGHTH SESSION****H. F. No. 3167**

03/17/2014 Authored by Lenczewski and Davids

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

03/28/2014 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

04/02/2014 Adoption of Report: Amended and Placed on the General Register

Read Second Time

## A bill for an act

1.1 relating to financing of state and local government; making changes to individual  
 1.2 income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special,  
 1.3 local, and other taxes and tax-related provisions; providing for and increasing  
 1.4 credits; modifying local government aids; modifying exclusions, exemptions,  
 1.5 and levy deadlines; imposing a tax on solar energy production; modifying sales,  
 1.6 use, and excise tax exemptions; changing sales, use, and excise tax remittances;  
 1.7 modifying certain local sales and use taxes; allowing for temporary sales and  
 1.8 use tax amnesty; modifying income tax credits and subtractions; clarifying  
 1.9 estate tax provisions; providing for certain local development projects; changing  
 1.10 license revocation procedures; modifying installment payments; modifying  
 1.11 certain county levy authority; allocating additional tax reductions for border  
 1.12 cities; removing obsolete, redundant, and unnecessary laws and administrative  
 1.13 rules administered by the Department of Revenue; making various policy and  
 1.14 technical changes; requiring a report; appropriating money; amending Minnesota  
 1.15 Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3,  
 1.16 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31,  
 1.17 subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a subdivision;  
 1.18 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4; 270.87;  
 1.19 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision  
 1.20 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3;  
 1.21 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24; 272.0211, subdivisions  
 1.22 1, 2; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions  
 1.23 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision 6; 273.10; 273.11,  
 1.24 subdivision 13; 273.112, subdivision 6a; 273.13, subdivision 34; 273.1384,  
 1.25 subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711;  
 1.26 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.025, subdivision 2;  
 1.27 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2;  
 1.28 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11;  
 1.29 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261,  
 1.30 subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended;  
 1.31 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60, subdivision 15;  
 1.32 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.068, subdivision  
 1.33 1; 290.07, subdivisions 1, 2; 290.0922, subdivision 3; 290.095, subdivision 3;  
 1.34 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by  
 1.35 adding a subdivision; 297A.68, by adding a subdivision; 297A.70, subdivision  
 1.36 10; 297A.71, by adding a subdivision; 297A.94; 297B.03; 297B.09; 297F.03,  
 1.37 subdivision 2; 297F.09, subdivision 10; 297G.03, by adding a subdivision;  
 1.38 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75, subdivisions 1, 2;

2.1 383D.41, by adding a subdivision; 383E.21, subdivisions 1, 2; 412.131; 469.171,  
 2.2 subdivision 6; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177,  
 2.3 subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014,  
 2.4 subdivision 1; 477A.03, by adding a subdivision; 611.27, subdivisions 13, 15;  
 2.5 Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivision 2, as  
 2.6 amended; 116J.8738, subdivisions 2, 3, 4; 270B.01, subdivision 8; 270B.03,  
 2.7 subdivision 1; 273.032; 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4;  
 2.8 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4;  
 2.9 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended;  
 2.10 290.091, subdivision 2, as amended; 290.0921, subdivision 3; 290.191,  
 2.11 subdivision 5; 290A.03, subdivision 15, as amended; 290C.03; 291.005,  
 2.12 subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68,  
 2.13 subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1,  
 2.14 2, 3; 297B.01, subdivision 16; 360.531, subdivision 2; 403.162, subdivision 5;  
 2.15 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding  
 2.16 a subdivision; 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03,  
 2.17 subdivision 2a; 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980,  
 2.18 chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2005,  
 2.19 First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006,  
 2.20 chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5;  
 2.21 Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8,  
 2.22 sections 3; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter  
 2.23 150, article 3, section 4; proposing coding for new law in Minnesota Statutes,  
 2.24 chapters 69; 168A; 272; 383A; 477A; repealing Minnesota Statutes 2012,  
 2.25 sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53;  
 2.26 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82;  
 2.27 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3;  
 2.28 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision  
 2.29 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8;  
 2.30 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56,  
 2.31 subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31;  
 2.32 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 290C.02, subdivisions  
 2.33 5, 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.68, subdivision 38;  
 2.34 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 297F.08, subdivision 11;  
 2.35 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b;  
 2.36 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331;  
 2.37 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339;  
 2.38 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173;  
 2.39 Minnesota Statutes 2013 Supplement, sections 273.1103; 469.340, subdivision 4;  
 2.40 Laws 1993, chapter 375, article 9, section 47; Minnesota Rules, parts 8002.0200,  
 2.41 subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3;  
 2.42 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

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

2.44 **ARTICLE 1**

2.45 **PROPERTY TAX AIDS, CREDITS, AND REFUNDS**

2.46 **Section 1. [69.022] VOLUNTEER RETENTION STIPEND AID PILOT.**

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

2.49 (b) "Emergency medical services provider" means a licensee as defined under  
 2.50 section 144E.001, subdivision 8.

3.1 (c) "Independent nonprofit firefighting corporation" has the same meaning as used in  
3.2 chapter 424A.

3.3 (d) "Municipality" has the meaning given in section 69.011, but only if the  
3.4 municipality uses one or more qualified volunteers to provide service.

3.5 (e) "Qualified entity" means an emergency medical services provider, independent  
3.6 nonprofit firefighting corporation, or municipality.

3.7 (f) "Qualified volunteer" means one of the following types of volunteers who has  
3.8 provided service for the entire prior calendar year to a qualified entity:

3.9 (1) a volunteer firefighter as defined in section 424A.001, subdivision 10;

3.10 (2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

3.11 (3) an emergency medical responder as defined in section 144E.001, subdivision 6,  
3.12 who provides emergency medical services as a volunteer.

3.13 (g) "Pilot area" means the counties of Blue Earth, Faribault, Freeborn, Martin,  
3.14 Steele, Waseca, and Watonwan.

3.15 (h) "State fire marshal" has the meaning given in section 299F.01.

3.16 Subd. 2. **Aid payment and calculation.** The commissioner of revenue shall pay aid  
3.17 to qualified entities located in the pilot area to provide funds for the qualified entities to  
3.18 pay annual volunteer retention stipends to qualified volunteers who provide services to  
3.19 the qualified entities. A qualified entity is located in the pilot area if it is a municipality  
3.20 located in whole or in part in the pilot area, or if it is an emergency medical services  
3.21 provider or independent nonprofit firefighting corporation with its main office located in  
3.22 the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified  
3.23 volunteers. For purposes of calculating this aid, each individual providing volunteer  
3.24 service, regardless of the different types of service provided, is one qualified volunteer.  
3.25 The commissioner shall pay the aid to qualified entities by July 31 of the calendar year  
3.26 following the year in which the qualified volunteer provided service.

3.27 Subd. 3. **Application.** Each year each qualified entity in the pilot area may apply to  
3.28 the commissioner for aid under this section. The application must be made at the time and  
3.29 in the form prescribed by the commissioner and must provide sufficient information to  
3.30 permit the commissioner to determine the applicant's entitlement to aid under this section.

3.31 Subd. 4. **Payment of stipends.** A qualified entity receiving state aid under this  
3.32 section must pay the aid as retention stipends to qualified volunteers no later than  
3.33 September 15 of the year in which the aid was received.

3.34 Subd. 5. **Report.** No later than January 15, 2018, the state fire marshal, in  
3.35 consultation with the commissioner of revenue, must report to the chairs and ranking  
3.36 minority members of the legislative committees having jurisdiction over public safety and

4.1 taxes in the senate and the house of representatives, in compliance with sections 3.195 and  
4.2 3.197, on aid paid under this section. The report must include:

4.3 (1) for each county in the pilot area, a listing of the qualified entities that received  
4.4 aid in each of the three years of the pilot;

4.5 (2) the amount of aid paid to each qualified entity that received aid in each of the  
4.6 three years of the pilot; and

4.7 (3) for each qualified entity that received aid, the number of qualified volunteers  
4.8 who were paid stipends in each of the three years of the pilot.

4.9 The report must also provide information on the number of qualified volunteers  
4.10 providing service to qualified entities in each of the counties adjacent to the pilot area  
4.11 in each of the three years of the pilot, and must summarize changes in the number of  
4.12 qualified volunteers during the three years of the pilot both within the pilot area and in the  
4.13 adjacent counties. For purposes of this subdivision "counties adjacent to the pilot area"  
4.14 means the counties of Brown, Cottonwood, Dodge, Jackson, Le Sueur, Mower, Nicollet,  
4.15 and Rice. Qualified entities in counties adjacent to the pilot area must provide information  
4.16 to the commissioner necessary to the report in this subdivision in the form and manner  
4.17 required by the commissioner. The commissioner must share with the state fire marshal  
4.18 the information necessary to the report.

4.19 Subd. 6. **Appropriation.** An amount sufficient to pay the state aid under this  
4.20 section in fiscal years 2016, 2017, and 2018 is appropriated from the general fund to the  
4.21 commissioner of revenue. This appropriation does not become part of the agency's base  
4.22 budget and expires after fiscal year 2018.

4.23 **EFFECTIVE DATE.** This section is effective the day following final enactment  
4.24 and applies for volunteer service provided beginning in calendar years 2014, 2015, and  
4.25 2016, and for aid payable in calendar years 2015, 2016, and 2017.

4.26 Sec. 2. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

4.27 Subd. 2. **Agricultural homestead market value credit.** Property classified as  
4.28 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for  
4.29 an agricultural credit. The credit is computed using the property's agricultural credit market  
4.30 value, defined for this purpose as the property's market value excluding the market value of  
4.31 the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3  
4.32 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05 plus~~  
4.33 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject  
4.34 to a maximum ~~reduction~~ credit of ~~\$115~~ \$490. In the case of property that is classified  
4.35 as part homestead and part nonhomestead solely because not all the owners occupy or

5.1 farm the property, not all the owners have qualifying relatives occupying or farming the  
 5.2 property, or solely because not all the spouses of owners occupy the property, the credit  
 5.3 must be initially computed as if that nonhomestead agricultural land was also classified as  
 5.4 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

5.5 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

5.6 Sec. 3. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4, is  
 5.7 amended to read:

5.8 Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~  
 5.9 Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property  
 5.10 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)  
 5.11 the property is located in a city with a population greater than 2,500 and less than 35,000  
 5.12 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or  
 5.13 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city  
 5.14 in the other state has a population of greater than 5,000 and less than 75,000 according to  
 5.15 the 1980 decennial census.

5.16 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a  
 5.17 property to ~~1.9~~ 1.7 percent of the property's taxable market value and (ii) the tax on class  
 5.18 3a property to ~~1.9~~ 1.7 percent of taxable market value.

5.19 (c) The county auditor shall annually certify the costs of the credits to the  
 5.20 Department of Revenue. The department shall reimburse local governments for the  
 5.21 property taxes forgone as the result of the credits in proportion to their total levies.

5.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

5.23 Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is  
 5.24 amended to read:

5.25 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

5.26 (1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public  
 5.27 Employees Retirement Association for deposit in the public employees police and fire  
 5.28 retirement fund established by section 353.65, subdivision 1;

5.29 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
 5.30 employing firefighters with retirement coverage provided by the public employees police  
 5.31 and fire retirement plan which qualified to receive fire state aid in that calendar year,  
 5.32 allocated in proportion to the most recent amount of fire state aid paid under section  
 5.33 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid

6.1 for all municipalities other than the municipalities solely employing firefighters with  
6.2 retirement coverage provided by the public employees police and fire retirement plan  
6.3 paid under section 69.021, subdivision 7, with the allocated amount for fire departments  
6.4 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan  
6.5 paid to the executive director of the Public Employees Retirement Association for deposit  
6.6 in the fund established by section 353G.02, subdivision 3, and credited to the respective  
6.7 account and with the balance paid to the treasurer of each municipality for transmittal  
6.8 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief  
6.9 association for deposit in its special fund; and

6.10 (3) 6.452 percent must be paid to the executive director of the Minnesota State  
6.11 Retirement System for deposit in the state patrol retirement fund.

6.12 (b) For purposes of this section, the term "municipalities" includes independent  
6.13 nonprofit firefighting corporations that participate in the voluntary statewide lump-sum  
6.14 volunteer firefighter retirement plan under chapter 356G or with subsidiary volunteer  
6.15 firefighter relief associations operating under chapter 424A.

6.16 Sec. 5. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is  
6.17 amended to read:

6.18 Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a  
6.19 city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference  
6.20 between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

6.21 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the  
6.22 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference  
6.23 between its unmet need and its certified formula aid in the previous year ~~under subdivision~~  
6.24 9, and (ii) the aid gap percentage.

6.25 (c) For aids payable in 2015 and thereafter, if a city's certified aid from the previous  
6.26 year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,  
6.27 its formula aid is adjusted to equal its unmet need.

6.28 (d) No city may have a formula aid amount less than zero. The aid gap percentage  
6.29 must be the same for all cities subject to paragraph (b).

6.30 (e) The applicable aid gap percentage must be calculated by the Department of  
6.31 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
6.32 for aid under section 477A.03. Data used in calculating aids to cities under sections  
6.33 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the  
6.34 year in which the aid is calculated.

7.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
7.2 2015 and thereafter.

7.3 Sec. 6. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2a, is  
7.4 amended to read:

7.5 Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section  
7.6 477A.013, subdivision 9, is \$507,598,012. ~~The total aid paid under section 477A.013,~~  
7.7 ~~subdivision 9, is \$509,098,012 for aids payable in 2015.~~ For aids payable in 2016 2015  
7.8 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$511,598,012  
7.9 the amount certified under that section in the previous year, multiplied by the inflation  
7.10 adjustment under subdivision 6.

7.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
7.12 2015 and thereafter.

7.13 Sec. 7. Minnesota Statutes 2012, section 477A.03, is amended by adding a subdivision  
7.14 to read:

7.15 Subd. 6. **Inflation adjustment.** In 2015 and thereafter, the amount paid under  
7.16 subdivision 2a shall be multiplied by an amount equal to one plus the sum of (1) the  
7.17 percentage increase in the implicit price deflator for government expenditures and gross  
7.18 investment for state and local government purchases as prepared by the United States  
7.19 Department of Commerce, for the 12-month period ending March 31 of the previous  
7.20 calendar year, and (2) the percentage increase in total city population for the most recently  
7.21 available years as of January 15 of the current year. The percentage increase in this  
7.22 subdivision shall not be greater than five percent.

7.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
7.24 2015 and thereafter.

7.25 Sec. 8. **[477A.18] PRODUCTION PROPERTY TRANSITION AID.**

7.26 Subdivision 1. **Definitions.** (a) When used in this section, the following terms have  
7.27 the meanings indicated in this subdivision.

7.28 (b) "Local unit" means a home rule charter or statutory city, or a town.

7.29 (c) "Net tax capacity differential" means the positive difference, if any, by which the  
7.30 local unit's net tax capacity was reduced from assessment year 2014 to assessment year  
7.31 2015 due to the change in the definition of real property in section 272.03, subdivision 1,  
7.32 enacted by article 2, section 6, of this act. For purposes of determining the net tax capacity

8.1 differential, any property in a job opportunity building zone under section 469.314 may  
8.2 not be included when calculating a local unit's net tax capacity.

8.3 Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local  
8.4 unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition  
8.5 aid computed under paragraphs (b) to (f).

8.6 (b) For aids payable in 2016, transition aid under this section for an eligible local  
8.7 unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for  
8.8 taxes payable in 2015.

8.9 (c) For aids payable in 2017, transition aid under this section for an eligible local  
8.10 unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's  
8.11 tax rate for taxes payable in 2016.

8.12 (d) For aids payable in 2018, transition aid under this section for an eligible local  
8.13 unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's  
8.14 tax rate for taxes payable in 2017.

8.15 (e) For aids payable in 2019, transition aid under this section for an eligible local  
8.16 unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's  
8.17 tax rate for taxes payable in 2018.

8.18 (f) For aids payable in 2020, transition aid under this section for an eligible local  
8.19 unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's  
8.20 tax rate for taxes payable in 2019.

8.21 (g) No aids shall be payable under this section in 2021 and thereafter.

8.22 (h) The commissioner of revenue shall compute the amount of transition aid payable  
8.23 to each local unit under this section. On or before August 1 of each year, the commissioner  
8.24 shall certify the amount of transition aid computed for aids payable in the following year  
8.25 for each recipient local unit. The commissioner shall pay transition aid to local units  
8.26 annually at the times provided in section 477A.015.

8.27 (i) The commissioner of revenue may require counties to provide any data that the  
8.28 commissioner deems necessary to administer this section.

8.29 Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this  
8.30 section is annually appropriated to the commissioner of revenue from the general fund.

8.31 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

8.32 Sec. 9. **SUPPLEMENTAL COUNTY PROGRAM AID FOR 2014.**

8.33 (a) Each county whose certified aid for 2014 under Minnesota Statutes, section  
8.34 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for

9.1 supplemental aid in 2014 equal to the difference between the amount received in 2013  
9.2 and the amount certified for 2014.

9.3 (b) The aid under this section shall be paid in the same manner and at the same time  
9.4 as the regular aid payments under Minnesota Statutes, section 477A.0124.

9.5 (c) The amount necessary to pay supplemental aid under this section is appropriated  
9.6 from the general fund to the commissioner of revenue.

9.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

9.8 Sec. 10. **SUPPLEMENTAL CREDIT FOR TAXES PAYABLE IN 2014 ONLY.**

9.9 Subdivision 1. **Eligibility.** Each agricultural homestead qualifying for a credit  
9.10 for taxes payable in 2014 under Minnesota Statutes, section 273.1384, is eligible for a  
9.11 supplemental credit equal to the lesser of (i) \$230, or (ii) the net property taxes payable on  
9.12 the property, excluding the taxes attributable to the house, garage, and surrounding one acre  
9.13 of land. A supplemental credit must not be paid to any property that has delinquent property  
9.14 taxes. By August 15, 2014, the county auditor must notify the commissioner of revenue of  
9.15 the name and address of the property owner of each homestead that received an agricultural  
9.16 credit for taxes payable in 2014, along with the net taxes due upon the agricultural  
9.17 homestead, whether there are any delinquent taxes on the property, and whatever other  
9.18 information the commissioner deems necessary, in a form prescribed by the commissioner.

9.19 Subd. 2. **Payment of supplemental credit.** The commissioner must pay  
9.20 supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

9.21 Subd. 3. **Property tax statements for taxes payable in 2015.** In preparing  
9.22 proposed property tax notices for taxes payable in 2015 under Minnesota Statutes, section  
9.23 275.065, and final property tax statements for taxes payable in 2015 under Minnesota  
9.24 Statutes, section 276.04, the auditor must indicate that the taxpayer may have received a  
9.25 supplemental credit under this section for taxes payable in 2014.

9.26 Subd. 4. **Appropriation.** The amount necessary to make the payments required  
9.27 under subdivision 2 is appropriated from the general fund to the commissioner of revenue  
9.28 for fiscal year 2015.

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

9.30 Sec. 11. **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX**  
9.31 **REFUND INCREASE.**

10.1 Subdivision 1. **Homestead credit refund increase.** For claims filed based on taxes  
10.2 payable in 2014, the commissioner shall increase by three percent the refund otherwise  
10.3 payable under Minnesota Statutes, section 290A.04, subdivision 2.

10.4 Subd. 2. **Renter property tax refund increase.** For claims filed based on rent paid  
10.5 in 2013, the commissioner shall increase by six percent the refund otherwise payable  
10.6 under Minnesota Statutes, section 290A.04, subdivision 2a.

10.7 Subd. 3. **Appropriation.** The amount necessary to make the payments required  
10.8 under this section in fiscal years 2015 and 2016 is appropriated from the general fund  
10.9 to the commissioner of revenue.

10.10 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes  
10.11 payable in 2014 and rent paid in 2013 only.

10.12 Sec. 12. **2013 CITY AID PENALTY FORGIVENESS; CITY OF BLUFFTON.**

10.13 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of  
10.14 Bluffton shall receive the half of its aid payments for calendar years 2011, 2012, and  
10.15 2013 under Minnesota Statutes, section 477A.013, that were withheld under Minnesota  
10.16 Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the  
10.17 commissioner of revenue that it received audited financial statements from the city for  
10.18 calendar years 2010, 2011, and 2012 by December 31, 2013, and for calendar year 2013  
10.19 by June 30, 2014. The commissioner of revenue shall make a payment of \$20,000 with  
10.20 the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year  
10.21 2014. The commissioner shall pay the remaining amount, totaling \$28,151.50, with the  
10.22 first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2015.  
10.23 \$20,000 in fiscal year 2015 and \$28,151.50 in fiscal year 2016 are appropriated from the  
10.24 general fund to the commissioner of revenue to make payments under this section.

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

10.26 Sec. 13. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED**  
10.27 **2013 INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

10.28 (a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the  
10.29 contrary, this section modifies the allocation of the police and fire supplemental retirement  
10.30 state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October  
10.31 1, 2014.

11.1 (b) Before the allocation of the police and fire supplemental retirement state aid is  
11.2 made for October 1, 2014, the commissioner of revenue shall:

11.3 (1) determine those fire departments that qualified for fire state aid under Minnesota  
11.4 Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, did not receive a 2013  
11.5 allocation of police and fire supplemental retirement state aid, and were an independent  
11.6 nonprofit firefighting corporation; and

11.7 (2) determine the amount of police and fire supplemental retirement state aid  
11.8 under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments  
11.9 described in clause (1) would have received on October 1, 2013, if the fire departments  
11.10 had been included in that allocation.

11.11 (c) The total amount determined in paragraph (b), clause (2), must be deducted from  
11.12 the amount available for allocation under Minnesota Statutes 2013 Supplement, section  
11.13 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire  
11.14 departments determined in paragraph (b), clause (1), their respective portion of the total as  
11.15 an additional payment on October 1, 2014.

11.16 (d) The remaining amount after the deduction of the total amount under paragraph  
11.17 (c) must be allocated as provided in section 1.

## 11.18 **ARTICLE 2**

### 11.19 **PROPERTY TAXES**

11.20 Section 1. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:

11.21 Subd. 10. **Personal property used for pollution control.** Personal property used  
11.22 primarily for the abatement and control of air, water, or land pollution is exempt to the  
11.23 extent that it is so used, and real property is exempt if it is used primarily for abatement  
11.24 and control of air, water, or land pollution as part of an agricultural operation, as a part  
11.25 of a centralized treatment and recovery facility operating under a permit issued by the  
11.26 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota  
11.27 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater  
11.28 treatment facility and for the treatment, recovery, and stabilization of metals, oils,  
11.29 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as  
11.30 part of an electric generation system. For purposes of this subdivision, personal property  
11.31 includes ponderous machinery and equipment used in a business or production activity  
11.32 that at common law is considered real property.

11.33 Any taxpayer requesting exemption of all or a portion of any real property or any  
11.34 equipment or device, or part thereof, operated primarily for the control or abatement of air,  
11.35 water, or land pollution shall file an application with the commissioner of revenue. If the

12.1 property is an electric power generation facility located in a city, then the commissioner  
12.2 shall notify the county assessor and city finance officer of the jurisdictions that host the  
12.3 facility that the application has been received. The Minnesota Pollution Control Agency  
12.4 shall upon request of the commissioner furnish information and advice to the commissioner.

12.5 The information and advice furnished by the Minnesota Pollution Control Agency  
12.6 must include statements as to whether the equipment, device, or real property meets  
12.7 a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control  
12.8 Agency, and whether the equipment, device, or real property is installed or operated  
12.9 in accordance with it. On determining that property qualifies for exemption, the  
12.10 commissioner shall issue an order exempting the property from taxation. If the property is  
12.11 an electric power generation facility located in a city, then the commissioner shall provide  
12.12 notification of the order to the county assessor and city finance officer of the jurisdictions  
12.13 that host the facility. The equipment, device, or real property shall continue to be exempt  
12.14 from taxation as long as the order issued by the commissioner remains in effect.

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

12.16 Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

12.17 Subd. 24. ~~Electric power photovoltaic devices~~ **Solar energy-generating systems.**  
12.18 ~~Photovoltaic devices~~ Personal property consisting of solar energy-generating systems, as  
12.19 defined in section 216C.06, subdivision 16 272.0295, installed after January 1, 1992, and  
12.20 used to produce or store electric power are is exempt. The value of the real property on  
12.21 which the solar energy-generating system is located shall be valued in the same manner as  
12.22 similar real property that has not been improved with a solar energy-generating system.  
12.23 The real property shall be classified based on the most probable use of the property if it  
12.24 was not improved with a solar energy-generating system.

12.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

12.26 Sec. 3. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

12.27 Subdivision 1. **Efficiency determination and certification.** An owner or operator  
12.28 of a new or existing electric power generation facility, excluding wind energy conversion  
12.29 systems, may apply to the commissioner of revenue for a market value exclusion on the  
12.30 property as provided for in this section. This exclusion shall apply only to the market  
12.31 value of the equipment of the facility, and shall not apply to the structures and the land  
12.32 upon which the facility is located. The commissioner of revenue shall prescribe the forms  
12.33 and procedures for this application. Upon receiving the application, the commissioner of

13.1 revenue shall: (1) request the commissioner of commerce to make a determination of the  
 13.2 efficiency of the applicant's electric power generation facility; and (2), if the facility is  
 13.3 in a city, notify the county assessor and city finance officer of the jurisdictions that host  
 13.4 the facility that an application for an exclusion is being processed. The commissioner  
 13.5 of commerce shall calculate efficiency as the ratio of useful energy outputs to energy  
 13.6 inputs, expressed as a percentage, based on the performance of the facility's equipment  
 13.7 during normal full load operation. The commissioner must include in this formula the  
 13.8 energy used in any on-site preparation of materials necessary to convert the materials  
 13.9 into the fuel used to generate electricity, such as a process to gasify petroleum coke.  
 13.10 The commissioner shall use the Higher Heating Value (HHV) for all substances in the  
 13.11 commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible  
 13.12 project under section 216B.2424; for these instances, the commissioner shall adjust the  
 13.13 heating value to allow for energy consumed for evaporation of the moisture in the wood.  
 13.14 The applicant shall provide the commissioner of commerce with whatever information the  
 13.15 commissioner deems necessary to make the determination. Within 30 days of the receipt  
 13.16 of the necessary information, the commissioner of commerce shall certify the findings of  
 13.17 the efficiency determination to the commissioner of revenue and to the applicant. The  
 13.18 commissioner of commerce shall determine the efficiency of the facility and certify the  
 13.19 findings of that determination to the commissioner of revenue every two years thereafter  
 13.20 from the date of the original certification.

13.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

13.22 Sec. 4. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

13.23 Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided  
 13.24 by the commissioner of commerce as described in subdivision 1, the commissioner of  
 13.25 revenue shall subtract eight percent of the taxable market value of the qualifying property  
 13.26 for each percentage point that the efficiency of the specific facility, as determined by the  
 13.27 commissioner of commerce, is above 40 percent. The reduction in taxable market value  
 13.28 shall be reflected in the taxable market value of the facility beginning with the assessment  
 13.29 year immediately following the determination. ~~For a facility that is assessed by the county~~  
 13.30 ~~in which the facility is located;~~ The commissioner of revenue shall certify to the assessor  
 13.31 of that county and, if located in a city, the finance officer of that city, the percentage of the  
 13.32 taxable market value of the facility to be excluded.

13.33 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

14.1       Sec. 5. [272.0295] SOLAR ENERGY PRODUCTION TAX.

14.2             Subdivision 1. **Production tax.** A tax is imposed on the production of electricity  
14.3 from a solar energy-generating system used as an electric power source.

14.4             Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar  
14.5 energy-generating system" means a set of devices whose primary purpose is to produce  
14.6 electricity by means of any combination of collecting, transferring, or converting  
14.7 solar-generated energy.

14.8             (b) The total size of a solar energy-generating system under this subdivision shall  
14.9 be determined according to this paragraph. Unless the systems are interconnected with  
14.10 different distribution systems, the nameplate capacity of a solar energy-generating system  
14.11 shall be combined with the nameplate capacity of any other solar energy-generating  
14.12 system that is:

14.13             (1) constructed within the same 12-month period as the solar energy-generating  
14.14 system; and

14.15             (2) exhibits characteristics of being a single development, including but not  
14.16 limited to ownership structure, an umbrella sales arrangement, shared interconnection,  
14.17 revenue-sharing arrangements, and common debt or equity financing.

14.18             In the case of a dispute, the commissioner of commerce shall determine the total size of  
14.19 the system and shall draw all reasonable inferences in favor of combining the systems.

14.20             (c) In making a determination under paragraph (b), the commissioner of commerce  
14.21 may determine that two solar energy-generating systems are under common ownership  
14.22 when the underlying ownership structure contains similar persons or entities, even if the  
14.23 ownership shares differ between the two systems. Solar energy-generating systems are  
14.24 not under common ownership solely because the same person or entity provided equity  
14.25 financing for the systems.

14.26             Subd. 3. **Rate of tax.** (a) For a solar energy-generating system with a capacity  
14.27 exceeding one megawatt alternating current, the tax is \$1.20 per megawatt-hour.

14.28             (b) A solar energy-generating system with a capacity of one megawatt alternating  
14.29 current or less is exempt from the tax imposed under this section.

14.30             Subd. 4. **Reports.** An owner of a solar energy-generating system subject to tax  
14.31 under this section shall file a report with the commissioner of revenue annually on or  
14.32 before January 15 detailing the amount of electricity in megawatt-hours that was produced  
14.33 by the system in the previous calendar year. The commissioner shall prescribe the form  
14.34 of the report. The report must contain the information required by the commissioner to  
14.35 determine the tax due to each county under this section for the current year. If an owner  
14.36 of a solar energy-generating system subject to taxation under this section fails to file the

15.1 report by the due date, the commissioner of revenue shall determine the tax based upon  
 15.2 the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

15.3 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of  
 15.4 revenue shall notify the owner of each solar energy-generating system of the tax due to  
 15.5 each county for the current year and shall certify to the county auditor of each county in  
 15.6 which the system is located the tax due from each owner for the current year.

15.7 (b) If the commissioner of revenue determines that the amount of production tax has  
 15.8 been erroneously calculated, the commissioner may correct the error. The commissioner  
 15.9 must notify the owner of the solar energy-generating system of the correction and the  
 15.10 amount of tax due to each county and must certify the correction to the county auditor of  
 15.11 each county in which the system is located on or before April 1 of the current year.

15.12 Subd. 6. **Payment of tax; collection.** The amount of production tax determined  
 15.13 under subdivision 5 must be paid to the county treasurer at the time and in the manner  
 15.14 provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid,  
 15.15 is subject to the same enforcement, collection, and interest and penalties as delinquent  
 15.16 personal property taxes. Except to the extent inconsistent with this section, the provisions  
 15.17 of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this  
 15.18 section, and for purposes of those provisions, the taxes imposed under this section are  
 15.19 considered personal property taxes.

15.20 Subd. 7. **Distribution of revenues.** Revenues from the taxes imposed under this  
 15.21 section must be part of the settlement between the county treasurer and the county auditor  
 15.22 under section 276.09. The revenue must be distributed by the county auditor or the county  
 15.23 treasurer to local taxing jurisdictions in which the solar energy-generating system is  
 15.24 located as follows: 80 percent to counties; and 20 percent to cities and townships.

15.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

15.26 Sec. 6. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

15.27 Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property"  
 15.28 includes the land itself, rails, ties, and other track materials annexed to the land, and all  
 15.29 buildings, structures, and improvements or other fixtures on it, bridges of bridge companies,  
 15.30 and all rights and privileges belonging or appertaining to the land, and all mines, iron ore  
 15.31 and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

15.32 (b) A building or structure shall include the building or structure itself, together with  
 15.33 all improvements or fixtures annexed to the building or structure, which are integrated  
 15.34 with and of permanent benefit to the building or structure, regardless of the present use

16.1 of the building, and which cannot be removed without substantial damage to itself or to  
16.2 the building or structure.

16.3 (c)(i) Real property does not include tools, implements, machinery, and equipment  
16.4 attached to or installed in real property for use in the business or production activity  
16.5 conducted thereon, regardless of size, weight or method of attachment, and mine shafts,  
16.6 tunnels, and other underground openings used to extract ores and minerals taxed under  
16.7 chapter 298 together with steel, concrete, and other materials used to support such openings.

16.8 (ii) The exclusion provided in clause (i) shall not apply to machinery and equipment  
16.9 includable as real estate by paragraphs (a) and (b) even though such machinery and  
16.10 equipment is used in the business or production activity conducted on the real property if  
16.11 and to the extent such business or production activity consists of furnishing services or  
16.12 products to other buildings or structures which are subject to taxation under this chapter.

16.13 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a  
16.14 structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has  
16.15 structural, insulation, or temperature control functions or provides protection from the  
16.16 elements, unless the structure is primarily used in the production of biofuels, wine, beer,  
16.17 distilled beverages, or dairy products. Such an exterior shell is included in the definition  
16.18 of real property even if it also has special functions distinct from that of a building, or if  
16.19 such an exterior shell is primarily used for the storage of ingredients or materials used in  
16.20 the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the  
16.21 storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

16.22 (d) The term real property does not include tools, implements, machinery,  
16.23 equipment, poles, lines, cables, wires, conduit, and station connections which are part of a  
16.24 telephone communications system, regardless of attachment to or installation in real  
16.25 property and regardless of size, weight, or method of attachment or installation.

16.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

16.27 Sec. 7. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

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

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

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

17.5 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),  
17.6 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse  
17.7 holds the legal or beneficial title to the homestead and permanently resides there, the  
17.8 exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable  
17.9 year and for ~~five~~ eight additional taxes payable years or until such time as the spouse  
17.10 remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.  
17.11 Qualification under this paragraph requires an annual application under paragraph (h).

17.12 (d) If the spouse of a member of any branch or unit of the United States armed  
17.13 forces who dies due to a service-connected cause while serving honorably in active  
17.14 service, as indicated on United States Government Form DD1300 or DD2064, holds the  
17.15 legal or beneficial title to a homestead and permanently resides there, the spouse is entitled  
17.16 to the benefit described in paragraph (b), clause (2), for ~~five~~ eight taxes payable years,  
17.17 or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the  
17.18 property, whichever comes first.

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

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

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

17.29 (h) To qualify for a valuation exclusion under this subdivision a property owner  
17.30 must apply to the assessor by July 1 of each assessment year, except that an annual  
17.31 reapplication is not required once a property has been accepted for a valuation exclusion  
17.32 under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and  
17.33 the property continues to qualify until there is a change in ownership. For an application  
17.34 received after July 1 of any calendar year, the exclusion shall become effective for the  
17.35 following assessment year.

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

18.3 (j) For purposes of this subdivision:

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

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

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

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

18.12 (k) The purpose of this provision of law providing a level of homestead property tax  
18.13 relief for gravely disabled veterans, their primary family caregivers, and their surviving  
18.14 spouses is to help ease the burdens of war for those among our state's citizens who bear  
18.15 those burdens most heavily.

18.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015, and  
18.17 applies to homesteads that initially qualified for the exclusion for taxes payable in 2009  
18.18 and thereafter.

18.19 Sec. 8. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

18.20 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,  
18.21 "commercial-industrial tax capacity" means the tax capacity of all taxable property  
18.22 classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the  
18.23 first tier of commercial-industrial value as defined under section 273.13, subdivision 24;  
18.24 (2) electric generation attached machinery under class 3; and (3) property described in  
18.25 section 473.625. County commercial-industrial tax capacity amounts are not adjusted  
18.26 for the captured net tax capacity of a tax increment financing district under section  
18.27 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local  
18.28 government's total net tax capacity under section 273.425, or fiscal disparities contribution  
18.29 and distribution net tax capacities under chapter 276A or 473F.

18.30 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

18.31 Sec. 9. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

18.32 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the  
18.33 contrary, on or before September 15 30, each ~~taxing authority, other than a school district,~~

19.1 ~~shall adopt a proposed budget and~~ county and each home rule charter or statutory city shall  
19.2 certify to the county auditor the proposed ~~or, in the case of a town, the final~~ property tax  
19.3 levy for taxes payable in the following year.

19.4 (b) Notwithstanding any law or charter to the contrary, on or before September 15,  
19.5 each town and each special taxing district shall adopt and certify to the county auditor a  
19.6 proposed property tax levy for taxes payable in the following year. For towns, the final  
19.7 certified levy shall also be considered the proposed levy.

19.8 (c) On or before September 30, each school district that has not mutually agreed  
19.9 with its home county to extend this date shall certify to the county auditor the proposed  
19.10 property tax levy for taxes payable in the following year. Each school district that has  
19.11 agreed with its home county to delay the certification of its proposed property tax levy  
19.12 must certify its proposed property tax levy for the following year no later than October  
19.13 7. The school district shall certify the proposed levy as:

19.14 (1) a specific dollar amount by school district fund, broken down between  
19.15 voter-approved and non-voter-approved levies and between referendum market value  
19.16 and tax capacity levies; or

19.17 (2) the maximum levy limitation certified by the commissioner of education  
19.18 according to section 126C.48, subdivision 1.

19.19 (e) ~~(d)~~ If the board of estimate and taxation or any similar board that establishes  
19.20 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum  
19.21 property tax levies for funds under its jurisdiction by charter to the county auditor by  
19.22 ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified  
19.23 its levies for those taxing jurisdictions.

19.24 ~~(d)~~ (e) For purposes of this section, ~~"taxing authority" includes all home rule and~~  
19.25 ~~statutory cities, towns, counties, school districts, and~~ "special taxing district" means a  
19.26 special taxing districts district as defined in section 275.066. Intermediate school districts  
19.27 that levy a tax under chapter 124 or 136D, joint powers boards established under sections  
19.28 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815,  
19.29 Prinsburg, are also special taxing districts for purposes of this section.

19.30 (e) ~~(f)~~ At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its  
19.31 proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall  
19.32 announce the time and place of its subsequent regularly scheduled meetings at which  
19.33 the budget and levy will be discussed and at which the public will be allowed to speak.  
19.34 The time and place of those meetings must be included in the proceedings or summary  
19.35 of proceedings published in the official newspaper of the taxing authority under section  
19.36 123B.09, 375.12, or 412.191.

20.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

20.2 **ARTICLE 3**

20.3 **SALES, USE, AND EXCISE TAXES**

20.4 Section 1. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 2,  
20.5 is amended to read:

20.6 Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the  
20.7 requirement of this paragraph and is not disqualified under the provisions of paragraph  
20.8 (b). To qualify, the business must:

20.9 (1) have operated its trade or business in a city or cities in greater Minnesota for at  
20.10 least one year before applying under subdivision 3;

20.11 (2) pay or agree to pay in the future each employee compensation, including benefits  
20.12 not mandated by law, that on an annualized basis equal at least 120 percent of the federal  
20.13 poverty level for a family of four;

20.14 (3) plan and agree to expand its employment in one or more cities in greater Minnesota  
20.15 by the minimum number of employees required under subdivision 3, paragraph (c); and

20.16 (4) have received certification from the commissioner under subdivision 3 that  
20.17 it is a qualified business.

20.18 (b) A business is not a qualified business if it is either:

20.19 (1) primarily engaged in making retail sales to purchasers who are physically present  
20.20 at the business's location or locations in greater Minnesota; ~~or~~

20.21 (2) a public utility, as defined in section 336B.01; or

20.22 (3) primarily engaged in lobbying; gambling; entertainment; professional sports;  
20.23 political consulting; leisure; hospitality; or professional services provided by attorneys,  
20.24 accountants, business consultants, physicians, or health care consultants.

20.25 (c) The requirements in paragraph (a) that the business's operations and expansion  
20.26 be located in a city do not apply to an agricultural processing facility.

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

20.28 Sec. 2. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 3, is  
20.29 amended to read:

20.30 Subd. 3. **Certification of qualified business.** (a) A business may apply to the  
20.31 commissioner for certification as a qualified business under this section. The commissioner  
20.32 shall specify the form of the application, the manner and times for applying, and the  
20.33 information required to be included in the application. The commissioner may impose an

21.1 application fee in an amount sufficient to defray the commissioner's cost of processing  
 21.2 certifications. A business must file a copy of its application with the chief clerical officer  
 21.3 of the city at the same time it applies to the commissioner. For an agricultural processing  
 21.4 facility located outside the boundaries of a city, the business must file a copy of the  
 21.5 application with the county auditor.

21.6 (b) The commissioner shall certify each business as a qualified business that:

21.7 (1) satisfies the requirements of subdivision 2;

21.8 (2) the commissioner determines would not expand its operations in greater  
 21.9 Minnesota without the tax incentives available under subdivision 4; and

21.10 (3) enters a business subsidy agreement with the commissioner that pledges to  
 21.11 satisfy the minimum expansion requirements of paragraph (c) within three years or less  
 21.12 following execution of the agreement.

21.13 The commissioner must act on an application within ~~60~~ 90 days after its filing.

21.14 Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed  
 21.15 approval of the application.

21.16 ~~(e) The following minimum expansion requirements apply, based on the number of~~  
 21.17 ~~employees of the business at locations in greater Minnesota:~~

21.18 ~~(1) a business that employs 50 or fewer full-time equivalent employees in greater~~  
 21.19 ~~Minnesota when the agreement is executed must increase its employment by five or more~~  
 21.20 ~~full-time equivalent employees;~~

21.21 ~~(2) a business that employs more than 50 but fewer than 200 full-time equivalent~~  
 21.22 ~~employees in greater Minnesota when the agreement is executed must increase the number~~  
 21.23 ~~of its full-time equivalent employees in greater Minnesota by at least ten percent; or~~

21.24 ~~(3) a business that employs 200 or more full-time equivalent employees in greater~~  
 21.25 ~~Minnesota when the agreement is executed must increase its employment by at least 21~~  
 21.26 ~~full-time equivalent employees (c) The business must increase the number of full-time~~  
 21.27 ~~equivalent employees in greater Minnesota from the time the business subsidy agreement~~  
 21.28 ~~is executed by two employees or ten percent, whichever is greater.~~

21.29 (d) The city, or a county for an agricultural processing facility located outside the  
 21.30 boundaries of a city, in which the business proposes to expand its operations may file  
 21.31 comments supporting or opposing the application with the commissioner. The comments  
 21.32 must be filed within 30 days after receipt by the city of the application and may include a  
 21.33 notice of any contribution the city or county intends to make to encourage or support the  
 21.34 business expansion, such as the use of tax increment financing, property tax abatement,  
 21.35 additional city or county services, or other financial assistance.

22.1 (e) Certification of a qualified business is effective for the ~~12-year~~ seven-year period  
 22.2 beginning on the first day of the calendar month immediately following ~~execution of~~  
 22.3 ~~the business subsidy agreement~~ the date that the commissioner informs the business of  
 22.4 the award of the benefit.

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

22.6 Sec. 3. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 4, is  
 22.7 amended to read:

22.8 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax  
 22.9 exemption, up to \$2,000,000 annually and \$10,000,000 during the total period of the  
 22.10 agreement, as provided in section 297A.68, subdivision 44, for purchases made during  
 22.11 the period the business was certified as a qualified business under this section. The  
 22.12 commissioner has discretion to set the maximum amounts of the annual and total sales tax  
 22.13 exemption allowed for each qualifying business as part of the business subsidy agreement.

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

22.15 Sec. 4. **[168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.**

22.16 Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in  
 22.17 transfer-on-death or TOD form by a natural person by including in the certificate of title a  
 22.18 designation of a beneficiary or beneficiaries who are natural persons to whom the motor  
 22.19 vehicle must be transferred on death of the owner or the last survivor of joint owners with  
 22.20 rights of survivorship, subject to the rights of all secured parties.

22.21 Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in  
 22.22 transfer-on-death form by designating on the certificate of title the name of the owner  
 22.23 and the names of joint owners with identification of rights of survivorship, followed by  
 22.24 the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation  
 22.25 "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is  
 22.26 not required to be supported by consideration, and the certificate of title in which the  
 22.27 designation is made is not required to be delivered to the beneficiary or beneficiaries in  
 22.28 order for the designation to be effective.

22.29 Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries  
 22.30 shall have no interest in the motor vehicle until the death of the owner or the last survivor  
 22.31 of the joint owners with right of survivorship. A beneficiary designation may be changed at  
 22.32 any time by the owner or by all joint owners with rights of survivorship, without the consent  
 22.33 of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

23.1            Subd. 4. Vesting of ownership in beneficiary. Ownership of a motor vehicle  
23.2            titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries on  
23.3            the death of the owner or the last of the joint owners with right of survivorship, subject  
23.4            to the rights of all secured parties. The transfer-on-death beneficiary or beneficiaries  
23.5            who survive the owner may apply for a new certificate of title to the motor vehicle upon  
23.6            submitting proof of the death of the owner of the motor vehicle. If no transfer-on-death  
23.7            beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must  
23.8            be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a  
23.9            transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

23.10           Subd. 5. Rights of creditors. This section does not limit the rights of any secured  
23.11           party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or  
23.12           beneficiaries.

23.13           Sec. 5. Minnesota Statutes 2013 Supplement, section 289A.20, subdivision 4, is  
23.14           amended to read:

23.15           **Subd. 4. Sales and use tax.** (a) The taxes imposed by chapter 297A are due and  
23.16           payable to the commissioner monthly on or before the 20th day of the month following the  
23.17           month in which the taxable event occurred, or following another reporting period as the  
23.18           commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph  
23.19           (f) or (g), except that use taxes due on an annual use tax return as provided under section  
23.20           289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

23.21           (b) A vendor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year  
23.22           ending June 30 must remit the June liability for the next year in the following manner:

23.23           (1) Two business days before June 30 of the year, the vendor must remit ~~90~~ 81.4  
23.24           percent of the estimated June liability to the commissioner.

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

23.27           (c) A vendor having a liability of:

23.28           (1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending  
23.29           June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities  
23.30           on returns due for periods beginning in all subsequent calendar years on or before the  
23.31           20th day of the month following the month in which the taxable event occurred, or on  
23.32           or before the 20th day of the month following the month in which the sale is reported  
23.33           under section 289A.18, subdivision 4; or

23.34           (2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013,  
23.35           and fiscal years thereafter, must remit by electronic means all liabilities in the manner

24.1 provided in paragraph (a) on returns due for periods beginning in the subsequent calendar  
24.2 year, except for ~~90~~ 81.4 percent of the estimated June liability, which is due two business  
24.3 days before June 30. The remaining amount of the June liability is due on August 20.

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

24.11 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

24.12 Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 15, is amended to read:

24.13 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**  
24.14 **underpayment.** For payments made after December 31, ~~2006~~ 2013, if a vendor is  
24.15 required by law to submit an estimation of June sales tax liabilities and ~~90~~ 81.4 percent  
24.16 payment by a certain date, the vendor shall pay a penalty equal to ten percent of the  
24.17 amount of actual June liability required to be paid in June less the amount remitted in  
24.18 June. The penalty must not be imposed, however, if the amount remitted in June equals  
24.19 the lesser of ~~90~~ 81.4 percent of the preceding May's liability or ~~90~~ 81.4 percent of the  
24.20 average monthly liability for the previous calendar year.

24.21 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

24.22 Sec. 7. Minnesota Statutes 2012, section 297A.67, subdivision 13a, is amended to read:

24.23 Subd. 13a. **Instructional materials.** Instructional materials, other than textbooks,  
24.24 that are prescribed for use in conjunction with a course of study in a postsecondary school,  
24.25 college, university, or private career school to students who are regularly enrolled at such  
24.26 institutions are exempt. For purposes of this subdivision, "instructional materials" means  
24.27 materials required to be used directly in the completion of the course of study, including,  
24.28 but not limited to, interactive CDs, tapes, digital audio works, digital audiovisual works,  
24.29 and computer software.

24.30 Instructional materials do not include general reference works or other items  
24.31 incidental to the instructional process such as pens, pencils, paper, folders, or computers.  
24.32 For purposes of this subdivision, "school" and "private career school" have the meanings  
24.33 given in subdivision 13.

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

25.2 Sec. 8. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision  
25.3 to read:

25.4 **Subd. 33. Presentations accessed as digital audio and audiovisual works.**

25.5 The charge for a live or prerecorded presentation, such as a lecture, seminar,  
25.6 workshop, or course, where participants access the presentation as a digital audio  
25.7 work or digital audiovisual work, and are connected to the presentation via the  
25.8 Internet, telecommunications equipment or other device that transfers the presentation  
25.9 electronically, is exempt if:

25.10 (1) participants and the presenter, during the time that participants access the  
25.11 presentation, are able to give, receive, and discuss the presentation with each other,  
25.12 although the amount of interaction and when in the presentation the interaction occurs  
25.13 may be limited by the presenter; and

25.14 (2) for those presentations where participants are given the option to attend the  
25.15 same presentation in person:

25.16 (i) any limitations on the amount of interaction and when it occurs during the  
25.17 presentation are the same for those participants accessing the presentation electronically  
25.18 as those attending in person; and

25.19 (ii) the admission to the in person presentation is not subject to tax under this chapter.

25.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
25.21 June 30, 2014.

25.22 Sec. 9. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision  
25.23 to read:

25.24 **Subd. 3a. Coin-operated entertainment and amusement devices.** Coin-operated  
25.25 entertainment and amusement devices, including, but not limited to, fortune-telling  
25.26 machines, cranes, foosball and pool tables, video and pinball games, batting cages, rides,  
25.27 photo or video booths, and jukeboxes, are exempt when purchased by retailers selling  
25.28 admission to places of amusement and making available amusement devices as provided  
25.29 in section 297A.61, subdivision 3, paragraph (g), clause (1).

25.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
25.31 June 30, 2014.

26.1 Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42,  
26.2 is amended to read:

26.3 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information  
26.4 technology equipment and computer software for use in a qualified data center, or a  
26.5 qualified refurbished data center, are exempt. The tax on purchases exempt under this  
26.6 paragraph must be imposed and collected as if the rate under section 297A.62, subdivision  
26.7 1, applied, and then refunded after June 30, 2013, in the manner provided in section  
26.8 297A.75. This exemption includes enterprise information technology equipment and  
26.9 computer software purchased to replace or upgrade enterprise information technology  
26.10 equipment and computer software in a qualified data center, or a qualified refurbished  
26.11 data center.

26.12 (b) Electricity used or consumed in the operation of a qualified data center, or a  
26.13 qualified refurbished data center, is exempt.

26.14 (c) For purposes of this subdivision, "~~qualified data center, or a qualified refurbished~~  
26.15 ~~data center~~," means a facility in Minnesota:

26.16 (1) that is comprised of one or more buildings that consist in the aggregate of  
26.17 at least 25,000 square feet, and that are located on a single parcel or on contiguous  
26.18 parcels, where the total cost of construction or refurbishment, investment in enterprise  
26.19 information technology equipment, and computer software is at least \$30,000,000 within  
26.20 a 48-month period;

26.21 (2) that is constructed or substantially refurbished after June 30, 2012, where  
26.22 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
26.23 modified, including:

26.24 (i) installation of enterprise information technology equipment, environmental  
26.25 control, computer software, and energy efficiency improvements; and

26.26 (ii) building improvements; and

26.27 (3) that is used to house enterprise information technology equipment, where the  
26.28 facility has the following characteristics:

26.29 (i) uninterruptible power supplies, generator backup power, or both;

26.30 (ii) sophisticated fire suppression and prevention systems; and

26.31 (iii) enhanced security. A facility will be considered to have enhanced security if it  
26.32 has restricted access to the facility to selected personnel; permanent security guards; video  
26.33 camera surveillance; an electronic system requiring pass codes, keycards, or biometric  
26.34 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

26.35 In determining whether the facility has the required square footage, the square footage  
26.36 of the following spaces shall be included if the spaces support the operation of enterprise

27.1 information technology equipment: office space, meeting space, and mechanical and other  
27.2 support facilities. For purposes of this subdivision, "computer software" includes, but is  
27.3 not limited to, software utilized or loaded at the a qualified data center or a qualified  
27.4 refurbished data center, including maintenance, licensing, and software customization.

27.5 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
27.6 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
27.7 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
27.8 square feet, and that are located on a single parcel or contiguous parcels, where the total  
27.9 cost of construction or refurbishment, investment in enterprise information technology  
27.10 equipment, and computer software is at least \$50,000,000 within a 24-month period.

27.11 (e) For purposes of this subdivision, "enterprise information technology equipment"  
27.12 means computers and equipment supporting computing, networking, or data storage,  
27.13 including servers and routers. It includes, but is not limited to: cooling systems,  
27.14 cooling towers, and other temperature control infrastructure; power infrastructure for  
27.15 transformation, distribution, or management of electricity used for the maintenance and  
27.16 operation of a qualified data center or a qualified refurbished data center, including but  
27.17 not limited to exterior dedicated business-owned substations, backup power generation  
27.18 systems, battery systems, and related infrastructure; and racking systems, cabling, and  
27.19 trays, which are necessary for the maintenance and operation of the a qualified data center  
27.20 or a qualified refurbished data center.

27.21 (f) A qualified data center or a qualified refurbished data center may claim the  
27.22 exemptions in this subdivision for purchases made either within 20 years of the date of  
27.23 its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042,  
27.24 whichever is earlier.

27.25 (g) The purpose of this exemption is to create jobs in the construction and data  
27.26 center industries.

27.27 (h) This subdivision is effective for sales and purchases made after June 30, 2012,  
27.28 and before July 1, 2042.

27.29 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
27.30 made after June 30, 2013.

27.31 Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44,  
27.32 is amended to read:

27.33 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of  
27.34 tangible personal property or taxable services by a qualified business, as defined in section  
27.35 116J.8738, are exempt if:

28.1 (1) the business subsidy agreement provides that the exemption under this  
 28.2 subdivision applies;

28.3 (2) the property or services are primarily used or consumed at the facility in greater  
 28.4 Minnesota identified in the business subsidy agreement; and

28.5 (3) the purchase was made and delivery received during the duration of the  
 28.6 certification of the business as a qualified business under section 116J.8738.

28.7 (b) Purchase and use of construction materials and supplies used or consumed in,  
 28.8 and equipment incorporated into, the construction of improvements to real property in  
 28.9 greater Minnesota are exempt if the improvements after completion of construction are  
 28.10 to be used in the conduct of the trade or business of the qualified business, as defined in  
 28.11 section 116J.8738. This exemption applies regardless of whether the purchases are made  
 28.12 by the business or a contractor.

28.13 (c) The exemptions under this subdivision apply to a local sales and use tax.

28.14 (d) The tax on purchases imposed under this subdivision must be imposed and  
 28.15 collected as if the rate under section 297A.62 applied, and then refunded in the manner  
 28.16 provided in section 297A.75. The total amount refunded for a facility over the certification  
 28.17 period is limited to the amount listed in the business subsidy agreement. No more than  
 28.18 \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision.  
 28.19 Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of  
 28.20 eligible claims are made in a fiscal year, claims by qualified businesses carry over to the  
 28.21 next fiscal year, and the commissioner must first allocate refunds to qualified businesses  
 28.22 eligible for a refund in the preceding fiscal year. Any portion of the balance of funds  
 28.23 allocated for refunds under this paragraph does not cancel and shall be carried forward to  
 28.24 and available for refunds in subsequent fiscal years.

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

28.26 Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is  
 28.27 amended to read:

28.28 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b),  
 28.29 to the following governments and political subdivisions, or to the listed agencies or  
 28.30 instrumentalities of governments and political subdivisions, are exempt:

28.31 (1) the United States and its agencies and instrumentalities;

28.32 (2) school districts, local governments, the University of Minnesota, state universities,  
 28.33 community colleges, technical colleges, state academies, the Perpich Minnesota Center for  
 28.34 Arts Education, and an instrumentality of a political subdivision that is accredited as an  
 28.35 optional/special function school by the North Central Association of Colleges and Schools;

29.1 (3) hospitals and nursing homes owned and operated by political subdivisions of  
 29.2 the state of tangible personal property and taxable services used at or by hospitals and  
 29.3 nursing homes;

29.4 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip  
 29.5 operations provided for in section 473.4051;

29.6 (5) other states or political subdivisions of other states, if the sale would be exempt  
 29.7 from taxation if it occurred in that state; and

29.8 (6) public libraries, public library systems, multicounty, multitype library systems  
 29.9 as defined in section 134.001, county law libraries under chapter 134A, state agency  
 29.10 libraries, the state library under section 480.09, and the Legislative Reference Library.

29.11 (b) This exemption does not apply to the sales of the following products and services:

29.12 (1) building, construction, or reconstruction materials purchased by a contractor  
 29.13 or a subcontractor as a part of a lump-sum contract or similar type of contract with a  
 29.14 guaranteed maximum price covering both labor and materials for use in the construction,  
 29.15 alteration, or repair of a building or facility;

29.16 (2) construction materials purchased by tax exempt entities or their contractors to  
 29.17 be used in constructing buildings or facilities which will not be used principally by the  
 29.18 tax exempt entities;

29.19 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11,  
 29.20 except for leases entered into by the United States or its agencies or instrumentalities;

29.21 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
 29.22 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section  
 29.23 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic  
 29.24 beverages purchased directly by the United States or its agencies or instrumentalities; or

29.25 (5) goods or services purchased by a local government as inputs to ~~goods and~~  
 29.26 ~~services that are generally provided by a private business and the purchases would be~~  
 29.27 ~~taxable if made by a private business engaged in the same activity~~ a liquor store, gas or  
 29.28 electric utility, solid waste hauling service, solid waste recycling service, landfill, golf  
 29.29 course, marina, health and fitness center, campground, cafe, or laundromat.

29.30 (c) As used in this subdivision, "school districts" means public school entities and  
 29.31 districts of every kind and nature organized under the laws of the state of Minnesota, and  
 29.32 any instrumentality of a school district, as defined in section 471.59.

29.33 (d) As used in this subdivision, "local governments" means:

29.34 (1) home rule charter or statutory cities;

29.35 (2) counties, and;

29.36 (3) townships;

30.1 (4) housing and redevelopment authorities under sections 469.001 to 469.047;  
 30.2 (5) port authorities under sections 469.048 to 469.068;  
 30.3 (6) economic development authorities under sections 469.090 to 469.1081; and  
 30.4 (7) any joint powers board or organization created under section 471.59 provided  
 30.5 that at least 50 percent or more of the governmental units that are party to the joint powers  
 30.6 agreement are exempt from sales tax under clauses (1) to (6) or paragraph (a).

30.7 ~~(e) As used in this subdivision, "goods or services generally provided by a private~~  
 30.8 ~~business" include, but are not limited to, goods or services provided by liquor stores, gas~~  
 30.9 ~~and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes,~~  
 30.10 ~~and laundromats. "Goods or services generally provided by a private business" do not~~  
 30.11 ~~include housing services, sewer and water services, wastewater treatment, ambulance and~~  
 30.12 ~~other public safety services, correctional services, chore or homemaking services provided~~  
 30.13 ~~to elderly or disabled individuals, or road and street maintenance or lighting.~~

30.14 **EFFECTIVE DATE.** The amendment to paragraph (d) is effective for sales and  
 30.15 purchases made after June 30, 2015. The other amendments to this section are effective  
 30.16 for sales and purchases made after June 30, 2014.

30.17 Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13,  
 30.18 is amended to read:

30.19 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following  
 30.20 sales by the specified organizations for fund-raising purposes are exempt, subject to the  
 30.21 limitations listed in paragraph (b):

30.22 (1) all sales made by a nonprofit organization that exists solely for the purpose of  
 30.23 providing educational or social activities for young people primarily age 18 and under;

30.24 (2) all sales made by an organization that is a senior citizen group or association of  
 30.25 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized  
 30.26 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii)  
 30.27 no part of its net earnings inures to the benefit of any private shareholders;

30.28 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if  
 30.29 the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization  
 30.30 under section 501(c)(3) of the Internal Revenue Code; and

30.31 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that  
 30.32 provides educational and social activities primarily for young people age 18 and under.

30.33 (b) The exemptions listed in paragraph (a) are limited in the following manner:

31.1 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if to the first  
31.2 \$20,000, as adjusted under paragraph (e), of the gross annual receipts of the organization  
31.3 from fund-raising do not exceed \$10,000; and

31.4 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are  
31.5 derived from admission charges or from activities for which the money must be deposited  
31.6 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in  
31.7 the same manner as other revenues or expenditures of the school district under section  
31.8 123B.49, subdivision 4.

31.9 (c) Sales of tangible personal property and services are exempt if the entire proceeds,  
31.10 less the necessary expenses for obtaining the property or services, will be contributed to  
31.11 a registered combined charitable organization described in section 43A.50, to be used  
31.12 exclusively for charitable, religious, or educational purposes, and the registered combined  
31.13 charitable organization has given its written permission for the sale. Sales that occur over  
31.14 a period of more than 24 days per year are not exempt under this paragraph.

31.15 (d) For purposes of this subdivision, a club, association, or other organization of  
31.16 elementary or secondary school students organized for the purpose of carrying on sports,  
31.17 educational, or other extracurricular activities is a separate organization from the school  
31.18 district or school for purposes of applying the ~~\$10,000~~ \$20,000 limit, as adjusted under  
31.19 paragraph (e).

31.20 (e) By December 1, 2015, and every December 1 thereafter, the commissioner shall  
31.21 calculate and publish an adjusted exemption limit for this subdivision. The adjusted  
31.22 limit is equal to \$20,000 multiplied by the ratio of the Consumer Price Index for urban  
31.23 consumers for the most recently available calendar year to the Consumer Price Index  
31.24 for urban consumers for calendar year 2013, as prepared by the United States Bureau  
31.25 of Labor Statistics.

31.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
31.27 June 30, 2014.

31.28 Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14,  
31.29 is amended to read:

31.30 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of  
31.31 tangible personal property or services at, and admission charges for fund-raising events  
31.32 sponsored by, a nonprofit organization are exempt if:

31.33 (1) all gross receipts are recorded as such, in accordance with generally accepted  
31.34 accounting practices, on the books of the nonprofit organization; and

32.1 (2) the entire proceeds, less the necessary expenses for the event, will be used solely  
32.2 and exclusively for charitable, religious, or educational purposes. Exempt sales include  
32.3 the sale of prepared food, candy, and soft drinks at the fund-raising event.

32.4 (b) This exemption is limited in the following manner:

32.5 (1) it does not apply to admission charges for events involving bingo or other  
32.6 gambling activities or to charges for use of amusement devices involving bingo or other  
32.7 gambling activities;

32.8 (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
32.9 charitable, religious, or educational purposes;

32.10 (3) it does not apply unless the organization keeps a separate accounting record,  
32.11 including receipts and disbursements from each fund-raising event that documents all  
32.12 deductions from gross receipts with receipts and other records;

32.13 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as  
32.14 the active or passive agent of a person that is not a nonprofit corporation;

32.15 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

32.16 (6) it does not apply to fund-raising events conducted on premises leased for more  
32.17 than five days but less than 30 days; and

32.18 (7) it does not apply if the risk of the event is not borne by the nonprofit organization  
32.19 and the benefit to the nonprofit organization is less than the total amount of the state and  
32.20 local tax revenues forgone by this exemption.

32.21 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of  
32.22 government, corporation, society, association, foundation, or institution organized and  
32.23 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or  
32.24 veterans' purposes, no part of the net earnings of which inures to the benefit of a private  
32.25 individual.

32.26 (d) For purposes of this subdivision, "fund-raising events" means activities of  
32.27 limited duration, not regularly carried out in the normal course of business, that attract  
32.28 patrons for community, social, and entertainment purposes, such as auctions, bake sales,  
32.29 ice cream socials, block parties, carnivals, competitions, concerts, concession stands,  
32.30 craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion  
32.31 shows, festivals, galas, special event workshops, sporting activities such as marathons and  
32.32 tournaments, and similar events. Fund-raising events do not include the operation of a  
32.33 regular place of business in which services are provided or sales are made during regular  
32.34 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales,  
32.35 regularly scheduled classes, or other activities carried out in the normal course of business.

33.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
33.2 June 30, 2014.

33.3 Sec. 15. Minnesota Statutes 2012, section 297A.71, is amended by adding a  
33.4 subdivision to read:

33.5 **Subd. 49. Donated materials for a library expansion.** Building materials and  
33.6 supplies purchased and donated by a private entity and used in the construction of an  
33.7 addition to a city library facility are exempt.

33.8 **EFFECTIVE DATE.** This section is effective for materials and supplies used in  
33.9 construction occurring after April 1, 2014, and before July 1, 2015.

33.10 Sec. 16. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16,  
33.11 is amended to read:

33.12 **Subd. 16. Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale,"  
33.13 "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any  
33.14 motor vehicle, whether absolutely or conditionally, for a consideration in money or by  
33.15 exchange or barter for any purpose other than resale in the regular course of business.

33.16 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others  
33.17 or by holding it in an effort to so lease it, and which is put to no other use by the owner  
33.18 other than resale after such lease or effort to lease, shall be considered property purchased  
33.19 for resale.

33.20 (c) The terms also shall include any transfer of title or ownership of a motor vehicle  
33.21 by other means, for or without consideration, except that these terms shall not include:

33.22 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or  
33.23 transfer-on-death of title by, a decedent who owned it;

33.24 (2) the transfer of a motor vehicle which was previously licensed in the names of  
33.25 two or more joint tenants and subsequently transferred without monetary consideration to  
33.26 one or more of the joint tenants;

33.27 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer  
33.28 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with  
33.29 no monetary or other consideration or expectation of consideration and the parties to the  
33.30 transfer submit an affidavit to that effect at the time the title transfer is recorded;

33.31 (4) the transfer of a motor vehicle by gift between:

33.32 (i) spouses;

33.33 (ii) parents and a child; or

33.34 (iii) grandparents and a grandchild;

34.1 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and  
34.2 wife in a divorce proceeding; or

34.3 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt  
34.4 from federal income taxation under section 501(c)(3) of the Internal Revenue Code when  
34.5 the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

34.6 Sec. 17. Minnesota Statutes 2012, section 297B.03, is amended to read:

34.7 **297B.03 EXEMPTIONS.**

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

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

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

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

34.21 (4) purchase or use of any motor vehicle previously registered in the state of  
34.22 Minnesota when such transfer constitutes a transfer within the meaning of section 118,  
34.23 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal  
34.24 Revenue Code;

34.25 (5) purchase or use of any vehicle owned by a resident of another state and leased  
34.26 to a Minnesota-based private or for-hire carrier for regular use in the transportation of  
34.27 persons or property in interstate commerce provided the vehicle is titled in the state of  
34.28 the owner or secured party, and that state does not impose a sales tax or sales tax on  
34.29 motor vehicles used in interstate commerce;

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

35.1 (7) purchase of a motor vehicle by an ambulance service licensed under section  
35.2 144E.10 when that vehicle is equipped and specifically intended for emergency response  
35.3 or for providing ambulance service;

35.4 (8) purchase of a motor vehicle by or for a public library, as defined in section  
35.5 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

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

35.7 (10) purchase or use of a motor vehicle by a ~~town~~ home rule charter or statutory cities,  
35.8 counties, and townships or any joint powers board or organization created under section  
35.9 471.59 where at least 50 percent of the members of the agreement are home rule charter or  
35.10 statutory cities, counties, or townships, for use exclusively for road maintenance, including  
35.11 snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

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

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

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

35.21 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
35.22 transit service is exempt if the transit provider is either (i) receiving financial assistance or  
35.23 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
35.24 473.388, or 473.405;

35.25 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
35.26 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
35.27 garaged in the job opportunity building zone and is primarily used as part of or in direct  
35.28 support of the person's operations carried on in the job opportunity building zone. The  
35.29 exemption under this clause applies to sales, if the purchase was made and delivery  
35.30 received during the duration of the job opportunity building zone. The exemption under  
35.31 this clause also applies to any local sales and use tax;

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

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

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

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

36.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
36.6 June 30, 2015.

36.7 Sec. 18. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

36.8 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.**

36.9 A cigarette or tobacco products distributor having a liability of ~~\$120,000~~ \$250,000 or  
36.10 more during a fiscal year ending June 30, shall remit the June liability for the next year  
36.11 in the following manner:

36.12 (a) Two business days before June 30 of the year, the distributor shall remit the  
36.13 actual May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner  
36.14 and file the return in the form and manner prescribed by the commissioner.

36.15 (b) On or before August 18 of the year, the distributor shall submit a return showing  
36.16 the actual June liability and pay any additional amount of tax not remitted in June. A  
36.17 penalty is imposed equal to ten percent of the amount of June liability required to be paid  
36.18 in June, less the amount remitted in June. However, the penalty is not imposed if the  
36.19 amount remitted in June equals the lesser of:

36.20 (1) ~~90~~ 81.4 percent of the actual June liability; or

36.21 (2) ~~90~~ 81.4 percent of the preceding ~~May's~~ May liability.

36.22 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

36.23 Sec. 19. Minnesota Statutes 2012, section 297G.03, is amended by adding a  
36.24 subdivision to read:

36.25 Subd. 5. **Microdistillery credit.** (a) A qualified distiller producing distilled spirits is  
36.26 entitled to a tax credit of \$1.33 per liter on 100,000 liters sold in any fiscal year beginning  
36.27 July 1. A qualified distiller may take the credit on the 18th day of each month, but the total  
36.28 credit allowed may not exceed in any fiscal year the lesser of:

36.29 (1) the liability for tax; or

36.30 (2) \$133,000.

36.31 (b) For purposes of this subdivision, "qualified distiller" means a microdistillery  
36.32 qualifying under section 340A.101, subdivision 17a, in the calendar year immediately  
36.33 preceding the calendar year for which the credit under this subdivision is claimed.

37.1 **EFFECTIVE DATE.** This section is effective July 1, 2014.

37.2 Sec. 20. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

37.3 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this  
37.4 chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June  
37.5 30, shall remit the June liability for the next year in the following manner:

37.6 (a) Two business days before June 30 of the year, the taxpayer shall remit the actual  
37.7 May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner and  
37.8 file the return in the form and manner prescribed by the commissioner.

37.9 (b) On or before August 18 of the year, the taxpayer shall submit a return showing  
37.10 the actual June liability and pay any additional amount of tax not remitted in June. A  
37.11 penalty is imposed equal to ten percent of the amount of June liability required to be paid  
37.12 in June less the amount remitted in June. However, the penalty is not imposed if the  
37.13 amount remitted in June equals the lesser of:

37.14 (1) ~~90~~ 81.4 percent of the actual June liability; or

37.15 (2) ~~90~~ 81.4 percent of the preceding May liability.

37.16 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

37.17 Sec. 21. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,  
37.18 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws  
37.19 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter  
37.20 154, article 5, section 2, is amended to read:

37.21 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any  
37.22 other law, ordinance, or city charter provision to the contrary, the city of Duluth may,  
37.23 by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and  
37.24 three-quarter percent on sales transactions which are described in Minnesota Statutes 2000,  
37.25 section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes~~  
37.26 ~~imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a~~  
37.27 ~~rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service~~  
37.28 ~~on bonds in a principal amount of \$8,000,000 issued for capital improvements to the~~  
37.29 ~~Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds~~  
37.30 ~~originally issued in the principal amount of \$4,970,000 to finance capital improvements to~~  
37.31 ~~the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half~~  
37.32 ~~percent, the rate of the tax under this subdivision is reduced by one-half of one percent.~~

37.33 The imposition of this tax shall not be subject to voter referendum under either state law  
37.34 or city charter provisions. When the city council determines that the taxes imposed under

38.1 ~~this subdivision paragraph~~ at a rate of three-quarters of one percent and other sources of  
 38.2 revenue produce revenue sufficient to pay debt service on bonds in the principal amount  
 38.3 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the  
 38.4 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax  
 38.5 under this subdivision must be reduced by three-quarters of one percent.

38.6 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
 38.7 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,  
 38.8 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of  
 38.9 one percent on sales transactions which are described in Minnesota Statutes 2000, section  
 38.10 297A.01, subdivision 3, clause (c). This tax expires when the city council determines  
 38.11 that the tax imposed under this paragraph, along with the tax imposed under section  
 38.12 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds  
 38.13 in a principal amount of no more than \$18,000,000, plus issuance and discount costs,  
 38.14 to finance capital improvements to public facilities to support tourism and recreational  
 38.15 activities in that portion of the city west of 34th Avenue West.

38.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 38.17 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section  
 38.18 645.021, subdivisions 2 and 3.

38.19 Sec. 22. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389,  
 38.20 article 8, section 26, and Laws 2003, First Special Session chapter 21, article 8, section  
 38.21 12, is amended to read:

38.22 Sec. 22. **CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND**  
 38.23 **MOTELS.**

38.24 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or  
 38.25 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,  
 38.26 impose an additional tax of one ~~and one-half~~ percent upon the gross receipts from the  
 38.27 sale of lodging for periods of less than 30 days in hotels and motels located in the city.  
 38.28 ~~When the city council determines that the taxes imposed under this section and section 25~~  
 38.29 ~~at a rate of one-half of one percent have produced revenue sufficient to pay (1) the debt~~  
 38.30 ~~service on bonds in a principal amount of \$8,000,000 issued for capital improvements~~  
 38.31 ~~for the Duluth Entertainment and Convention Center, and (2) the debt service on~~  
 38.32 ~~outstanding bonds originally issued in the principal amount of \$4,970,000 to finance~~  
 38.33 ~~capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the~~  
 38.34 ~~rate of one and one-half percent, the rate of the tax under this section is reduced to one~~  
 38.35 ~~percent.~~ The tax shall be collected in the same manner as the tax set forth in the Duluth

39.1 city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to  
39.2 voter referendum under either state law or city charter provisions.

39.3 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
39.4 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,  
39.5 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half  
39.6 of one percent on the gross receipts from the sale of lodging for periods of less than  
39.7 30 days in hotels and motels located in the city. This tax expires when the city council  
39.8 first determines that the tax imposed under this paragraph, along with the tax imposed  
39.9 under section 21, paragraph (b), has produced revenues sufficient to pay the debt  
39.10 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and  
39.11 discount costs, to finance capital improvements to public facilities to support tourism and  
39.12 recreational activities in that portion of the city west of 34th Avenue West.

39.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
39.14 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section  
39.15 645.021, subdivisions 2 and 3.

39.16 Sec. 23. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision  
39.17 4, is amended to read:

39.18 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the  
39.19 earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first  
39.20 determines that the amount of revenues raised to pay for the projects under subdivision 2,  
39.21 shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of  
39.22 the projects may be placed in the general fund of the city.

39.23 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
39.24 governing body of the city of Albert Lea and its chief clerical officer with Minnesota  
39.25 Statutes, section 645.021, subdivisions 2 and 3.

39.26 Sec. 24. Laws 2006, chapter 259, article 3, section 10, subdivision 3, is amended to read:

39.27 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by  
39.28 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax  
39.29 and to finance the acquisition and betterment of water and wastewater facilities to serve the  
39.30 cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the  
39.31 voters at the referendum authorizing the tax. Authorized costs include, but are not limited  
39.32 to, acquiring property and paying construction and engineering costs related to the projects.

40.1 (b) In addition to the projects authorized in paragraph (a), the city of Baxter may,  
40.2 if approved by the voters at an election under subdivision 5, paragraph (b), allocate up  
40.3 to an additional \$32,000,000 of the revenues received from the taxes authorized by  
40.4 subdivisions 1 and 2 to a capital infrastructure fund. Money from this fund may only be  
40.5 used to finance (1) sanitary sewer, storm sewer, and water projects, and (2) transportation  
40.6 safety improvements.

40.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
40.8 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section  
40.9 645.021, subdivisions 2 and 3.

40.10 Sec. 25. Laws 2006, chapter 259, article 3, section 10, subdivision 4, is amended to read:

40.11 Subd. 4. **Bonds.** (a) The city of Baxter, pursuant to the approval of the voters at the  
40.12 November 2, 2004, referendum authorizing the imposition of the taxes in this section, may  
40.13 issue general obligation bonds of the city, in one or more series, in the aggregate principal  
40.14 amount not to exceed \$15,000,000 to finance the projects listed in subdivision 3, paragraph  
40.15 (a). The debt represented by the bonds is not included in computing any debt limitations  
40.16 applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61,  
40.17 to pay the principal of and interest on the bonds is not subject to any levy limitation or  
40.18 included in computing or applying any levy limitation applicable to the city of Baxter.

40.19 (b) The city of Baxter, pursuant to the approval of the voters at the 2014 general  
40.20 election to extend the tax under this section, may issue general obligation bonds of the  
40.21 city, in one or more series, in the aggregate principal amount not to exceed \$32,000,000  
40.22 plus an amount equal to the costs of issuance of the bonds to finance the projects listed  
40.23 in subdivision 3, paragraph (b). The debt represented by the bonds is not included in  
40.24 computing any debt limitations applicable to the city, and the levy of taxes required by  
40.25 Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not  
40.26 subject to any levy limitation or included in computing or applying any levy limitation  
40.27 applicable to the city of Baxter.

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

40.29 Sec. 26. Laws 2006, chapter 259, article 3, section 10, subdivision 5, is amended to read:

40.30 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2  
40.31 expire at the earlier of a date 12 years after the imposition of the tax or when the Baxter  
40.32 City Council first determines that the amount of revenues raised from the taxes to pay for  
40.33 the projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on bonds

41.1 issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the  
41.2 expiration of the taxes and retirement of the bonds shall be placed in a capital project fund  
41.3 of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an  
41.4 earlier time if the city of Baxter so determines by ordinance.

41.5 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
41.6 other contrary provision of law, ordinance, or city charter, the city of Baxter may, by  
41.7 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination  
41.8 date in paragraph (a) if approved by the voters of the city at a general election held in  
41.9 2014. The question put to the voters must indicate that an affirmative vote would extend  
41.10 the imposition of the taxes until 2031 or until an additional \$32,000,000, plus an amount  
41.11 equal to interest and issuance costs associated with bonds issued under subdivision 4,  
41.12 paragraph (b), above the initial amount authorized to pay for \$15,000,000 in bonds and  
41.13 associated bond cost and projects, listed in subdivision 3, paragraph (a), is raised. If  
41.14 extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate  
41.15 at the earlier of (1) when an additional \$32,000,000, plus an amount equal to interest and  
41.16 issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the  
41.17 amount authorized under paragraph (a), is raised, or (2) December 31, 2031.

41.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
41.19 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section  
41.20 645.021, subdivisions 2 and 3.

41.21 Sec. 27. Laws 2006, chapter 259, article 3, section 11, subdivision 3, is amended to read:

41.22 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by  
41.23 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax  
41.24 and to finance all or part of the costs of constructing upgraded water and wastewater  
41.25 treatment facilities to serve the cities of Brainerd and Baxter, water infrastructure  
41.26 improvements, and trail development, contingent on approval by Brainerd voters at the  
41.27 November 7, 2006, referendum. Authorized costs include, but are not limited to, acquiring  
41.28 property and paying construction and engineering costs related to the projects.

41.29 (b) In addition to the projects authorized in paragraph (a), the city of Brainerd may,  
41.30 if approved by the voters at an election under subdivision 5, paragraph (b), spend up to an  
41.31 additional \$15,000,000 from revenues raised from the taxes authorized in subdivisions 1  
41.32 and 2 on the following projects:

41.33 (1) an upgraded waste treatment facility jointly serving the cities of Brainerd and  
41.34 Baxter;

42.1 (2) with any funds not needed for the project in clause (1), water infrastructure  
 42.2 improvements; and

42.3 (3) with any funds not needed for the projects in clauses (1) and (2), trail  
 42.4 improvements.

42.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 42.6 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section  
 42.7 645.021, subdivisions 2 and 3.

42.8 Sec. 28. Laws 2006, chapter 259, article 3, section 11, subdivision 4, is amended to read:

42.9 Subd. 4. **Bonds.** The city of Brainerd, contingent on approval of the voters at  
 42.10 the November 7, 2006, referendum authorizing the imposition of taxes in this section,  
 42.11 may issue general obligation bonds of the city, in one or more series, in the aggregate  
 42.12 principal amount not to exceed \$22,030,000 to finance the projects listed in subdivision 3,  
 42.13 paragraph (a). The debt represented by the bonds is not included in computing any debt  
 42.14 limitations applicable to Brainerd, and the levy of taxes required by Minnesota Statutes,  
 42.15 section 475.61, to pay the principal and interest on the bonds is not subject to any levy  
 42.16 limitation or included in computing any levy limitation applicable to the city of Brainerd.

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

42.18 Sec. 29. Laws 2006, chapter 259, article 3, section 11, subdivision 5, is amended to read:

42.19 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and  
 42.20 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city  
 42.21 council first determines that the amount of revenues raised from the taxes to pay for  
 42.22 projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds  
 42.23 issued for the projects under subdivision 4. Any funds remaining after the expiration of  
 42.24 the taxes and retirement of the bonds shall be placed in a capital project fund of the city of  
 42.25 Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the  
 42.26 city of Brainerd so determines by ordinance.

42.27 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
 42.28 other contrary provision of law, ordinance, or city charter, the city of Brainerd may, by  
 42.29 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination  
 42.30 date in paragraph (a) if approved by the voters of the city at a general election held in 2014.  
 42.31 The question put to the voters must indicate that an affirmative vote would extend the  
 42.32 imposition of the taxes for an additional 12 years or until an additional \$15,000,000 above  
 42.33 the initial amount authorized to pay for \$22,030,000 in bonds is raised. If extended under

43.1 this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of  
43.2 (1) when an additional \$15,000,000 above the amount authorized under paragraph (a) is  
43.3 raised, or (2) 12 years after the taxes would have expired under paragraph (a).

43.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
43.5 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section  
43.6 645.021, subdivisions 2 and 3.

43.7 Sec. 30. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to  
43.8 read:

43.9 **EFFECTIVE DATE.** This section is effective retroactively to capital investments  
43.10 made and jobs created after December 31, 2012, and effective retroactively for sales and  
43.11 purchases made after December 31, 2012, and before July 1, 2019. Applications for  
43.12 refunds on purchases exempt under this section must not be filed before June 30, 2015.

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

43.14 Sec. 31. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

43.15 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
43.16 Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38,  
43.17 as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the  
43.18 secretary of state by June 15, 2014. If approved as authorized under this section, actions  
43.19 undertaken by the city pursuant to the approval of the voters on November 8, 2005, and  
43.20 otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section  
43.21 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

43.23 Sec. 32. **TEMPORARY SALES TAX AMNESTY; ANIMAL SHELTERS.**

43.24 (a) Notwithstanding any other law to the contrary, amnesty is provided to any  
43.25 nonprofit organization that is primarily engaged in the business of rescuing, sheltering, and  
43.26 finding homes for unwanted animals if the organization registers and begins collecting the  
43.27 sales and use tax within four months of the day following enactment of this provision. This  
43.28 amnesty applies to qualifying organizations that are currently not registered to collect the  
43.29 tax under Minnesota Statutes, chapter 297A, and to qualifying organizations that received  
43.30 notice of the commencement of an audit and the audit is not yet finally resolved, provided  
43.31 that the organization was not registered to collect sales and use tax at the time of the audit.

44.1 (b) The amnesty shall preclude assessment for uncollected and unpaid sales and use  
44.2 tax under Minnesota Statutes, chapter 297A, and to local taxes subject to Minnesota  
44.3 Statutes, section 297A.99, together with penalty and interest for sales made during the  
44.4 period the qualifying organization was not registered in this state. The amnesty also  
44.5 applies to unpaid use tax on sales made by the organization during the same period. The  
44.6 amnesty is not available for sales and use taxes already paid or remitted to the state or to  
44.7 sales taxes already collected by the seller.

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

44.9 Sec. 33. **TEMPORARY SALES TAX AMNESTY; AGRICULTURAL CENTERS.**

44.10 (a) Notwithstanding any other law to the contrary, amnesty is provided on unpaid  
44.11 sales tax attributable only to sales of tickets or admissions to a performance or event on  
44.12 the premises of a tax-exempt organization under section 501(c)(3) of the Internal Revenue  
44.13 Code, provided that the nonprofit organization is primarily engaged in the business of  
44.14 preserving Minnesota's rural agricultural heritage and educating the public about rural  
44.15 history and how farms in Minnesota helped to provide food for the nation and the world,  
44.16 and begins collecting the sales and use tax on sales of tickets or admissions by July 1, 2014.

44.17 (b) An organization qualifies for an exemption under this section if:

44.18 (1) the premises of the organization is at least 115 acres;

44.19 (2) the performances or events were sponsored and conducted exclusively by  
44.20 volunteers, employees of the nonprofit organization, or members of the board of directors  
44.21 of the organization; and

44.22 (3) the performances or events were consistent with the organization's purposes  
44.23 under section 501(c)(3) of the Internal Revenue Code.

44.24 (c) This amnesty applies to qualifying organizations that received notice of the  
44.25 commencement of an audit and the audit is not yet finally resolved.

44.26 (d) Amnesty granted under this section precludes assessment for uncollected and  
44.27 unpaid sales and use tax under Minnesota Statutes, chapter 297A, and to local taxes  
44.28 subject to Minnesota Statutes, section 297A.99, together with penalty and interest for sales  
44.29 made during the period beginning December 31, 2008, and ending December 31, 2011.  
44.30 The amnesty is not available for sales and use taxes already paid or remitted to the state or  
44.31 to sales taxes already collected by the seller.

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

**ARTICLE 4****INCOME AND ESTATE TAXES**

Section 1. Minnesota Statutes 2013 Supplement, section 116J.8737, subdivision 2, as amended by Laws 2014, chapter 150, article 1, section 2, is amended to read:

**Subd. 2. Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

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

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

(1) the business has its headquarters in Minnesota;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

47.1 (3) the business must not issue securities that are traded on a public exchange within  
47.2 180 days after the date on which the qualified investment was made; and

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

47.5 (f) The commissioner must maintain a list of qualified small businesses and qualified  
47.6 greater Minnesota businesses certified under this subdivision for the calendar year and  
47.7 make the list accessible to the public on the department's Web site.

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

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

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

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

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

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

47.22 (2) at least 51 percent of the business's employees are employed in greater Minnesota,  
47.23 and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

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

47.26 Sec. 2. Minnesota Statutes 2012, section 116J.8737, is amended by adding a  
47.27 subdivision to read:

47.28 **Subd. 5a. Promotion of credit in greater Minnesota.** (a) By July 1, 2014,  
47.29 the commissioner shall develop a plan to increase awareness of and use of the credit  
47.30 for investments in qualified greater Minnesota businesses and minority-owned and  
47.31 women-owned qualified small businesses with the goal that the portion of the credit  
47.32 reserved for investments in qualified greater Minnesota businesses and minority-owned  
47.33 and women-owned qualified small businesses is allocated in full to those investments.

47.34 (b) Beginning with the legislative report due on March 15, 2015, under subdivision  
47.35 9, the commissioner shall report on its plan under this subdivision and the results achieved.

48.1 Sec. 3. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is  
48.2 amended to read:

48.3 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly  
48.4 stated otherwise, "Minnesota tax laws" means:

48.5 (1) the taxes, refunds, and fees administered by or paid to the commissioner under  
48.6 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),  
48.7 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax  
48.8 administered by the commissioner pursuant to any tax agreement between the state and  
48.9 the Indian tribal government, and includes any laws for the assessment, collection, and  
48.10 enforcement of those taxes, refunds, and fees; and

48.11 (2) section 273.1315.

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

48.13 Sec. 4. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is  
48.14 amended to read:

48.15 Subdivision 1. **Who may inspect.** Returns and return information must, on request,  
48.16 be made open to inspection by or disclosure to the data subject. The request must be made  
48.17 in writing or in accordance with written procedures of the chief disclosure officer of the  
48.18 department that have been approved by the commissioner to establish the identification  
48.19 of the person making the request as the data subject. For purposes of this chapter, the  
48.20 following are the data subject:

48.21 (1) in the case of an individual return, that individual;

48.22 (2) in the case of an income tax return filed jointly, either of the individuals with  
48.23 respect to whom the return is filed;

48.24 (3) in the case of a return filed by a business entity, an officer of a corporation,  
48.25 a shareholder owning more than one percent of the stock, or any shareholder of an S  
48.26 corporation; a general partner in a partnership; the owner of a sole proprietorship; a  
48.27 member or manager of a limited liability company; a participant in a joint venture; the  
48.28 individual who signed the return on behalf of the business entity; or an employee who is  
48.29 responsible for handling the tax matters of the business entity, such as the tax manager,  
48.30 bookkeeper, or managing agent;

48.31 (4) in the case of an estate return:

48.32 (i) the personal representative or trustee of the estate; and

48.33 (ii) any beneficiary of the estate as shown on the federal estate tax return;

48.34 (5) in the case of a trust return:

48.35 (i) the trustee or trustees, jointly or separately; and

49.1 (ii) any beneficiary of the trust as shown in the trust instrument;

49.2 (6) if liability has been assessed to a transferee under section 270C.58, subdivision  
49.3 1, the transferee is the data subject with regard to the returns and return information  
49.4 relating to the assessed liability;

49.5 (7) in the case of an Indian tribal government or an Indian tribal government-owned  
49.6 entity,

49.7 (i) the chair of the tribal government, or

49.8 (ii) any person authorized by the tribal government; and

49.9 (8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph  
49.10 (b), the successor is the data subject and information may be disclosed as provided by  
49.11 section 270C.57, subdivision 4; and.

49.12 ~~(9) in the case of a gift return, the donor.~~

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

49.14 Sec. 5. Minnesota Statutes 2012, section 289A.02, subdivision 7, as amended by Laws  
49.15 2014, chapter 150, article 1, section 7, is amended to read:

49.16 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
49.17 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
49.18 ~~20, 2013~~ March 26, 2014.

49.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years  
49.20 beginning after December 31, 2012.

49.21 Sec. 6. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19, as  
49.22 amended by Laws 2014, chapter 150, article 1, section 9, is amended to read:

49.23 Subd. 19. **Net income.** The term "net income" means the federal taxable income,  
49.24 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the  
49.25 date named in this subdivision, incorporating the federal effective dates of changes to the  
49.26 Internal Revenue Code and any elections made by the taxpayer in accordance with the  
49.27 Internal Revenue Code in determining federal taxable income for federal income tax  
49.28 purposes, and with the modifications provided in subdivisions 19a to 19f.

49.29 In the case of a regulated investment company or a fund thereof, as defined in section  
49.30 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
49.31 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
49.32 except that:

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

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

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

50.10 The net income of a real estate investment trust as defined and limited by section  
50.11 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
50.12 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

50.13 The net income of a designated settlement fund as defined in section 468B(d) of  
50.14 the Internal Revenue Code means the gross income as defined in section 468B(b) of the  
50.15 Internal Revenue Code.

50.16 The Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March  
50.17 26, 2014, shall be in effect for taxable years beginning after December 31, 1996.

50.18 Except as otherwise provided, references to the Internal Revenue Code in  
50.19 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for  
50.20 the applicable year.

50.21 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
50.22 except the changes incorporated by federal changes are effective retroactively at the same  
50.23 time as the changes were effective for federal purposes.

50.24 Sec. 7. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as  
50.25 amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

50.26 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,  
50.27 and trusts, there shall be subtracted from federal taxable income:

50.28 (1) net interest income on obligations of any authority, commission, or  
50.29 instrumentality of the United States to the extent includable in taxable income for federal  
50.30 income tax purposes but exempt from state income tax under the laws of the United States;

50.31 (2) if included in federal taxable income, the amount of any overpayment of income  
50.32 tax to Minnesota or to any other state, for any previous taxable year, whether the amount  
50.33 is received as a refund or as a credit to another taxable year's income tax liability;

50.34 (3) the amount paid to others, less the amount used to claim the credit allowed under  
50.35 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten

51.1 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
51.2 transportation of each qualifying child in attending an elementary or secondary school  
51.3 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
51.4 resident of this state may legally fulfill the state's compulsory attendance laws, which  
51.5 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
51.6 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
51.7 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
51.8 "textbooks" includes books and other instructional materials and equipment purchased  
51.9 or leased for use in elementary and secondary schools in teaching only those subjects  
51.10 legally and commonly taught in public elementary and secondary schools in this state.  
51.11 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
51.12 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
51.13 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
51.14 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
51.15 or materials for, or transportation to, extracurricular activities including sporting events,  
51.16 musical or dramatic events, speech activities, driver's education, or similar programs. No  
51.17 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
51.18 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
51.19 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
51.20 given in section 32(c)(3) of the Internal Revenue Code;

51.21 (4) income as provided under section 290.0802;

51.22 (5) to the extent included in federal adjusted gross income, income realized on  
51.23 disposition of property exempt from tax under section 290.491;

51.24 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)  
51.25 of the Internal Revenue Code in determining federal taxable income by an individual  
51.26 who does not itemize deductions for federal income tax purposes for the taxable year, an  
51.27 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable  
51.28 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,  
51.29 under the provisions of Public Law 109-1 and Public Law 111-126;

51.30 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
51.31 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
51.32 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
51.33 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
51.34 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
51.35 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed

52.1 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
52.2 the extent they exceed the federal foreign tax credit;

52.3 (8) in each of the five tax years immediately following the tax year in which an  
52.4 addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a  
52.5 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
52.6 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount  
52.7 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,  
52.8 clause (12), in the case of a shareholder of an S corporation, minus the positive value of  
52.9 any net operating loss under section 172 of the Internal Revenue Code generated for the  
52.10 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

52.11 (9) job opportunity building zone income as provided under section 469.316;

52.12 (10) to the extent included in federal taxable income, the amount of compensation  
52.13 paid to members of the Minnesota National Guard or other reserve components of  
52.14 the United States military for active service, ~~excluding~~ including compensation for  
52.15 services performed under the Active Guard Reserve (AGR) program. For purposes of  
52.16 this clause, "active service" means (i) state active service as defined in section 190.05,  
52.17 subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section  
52.18 190.05, subdivision 5b, ~~but~~ and "active service" ~~excludes~~ includes service performed in  
52.19 accordance with section 190.08, subdivision 3;

52.20 (11) to the extent included in federal taxable income, the amount of compensation  
52.21 paid to Minnesota residents who are members of the armed forces of the United States  
52.22 or United Nations for active duty performed under United States Code, title 10; or the  
52.23 authority of the United Nations;

52.24 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
52.25 qualified donor's donation, while living, of one or more of the qualified donor's organs  
52.26 to another person for human organ transplantation. For purposes of this clause, "organ"  
52.27 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;  
52.28 "human organ transplantation" means the medical procedure by which transfer of a human  
52.29 organ is made from the body of one person to the body of another person; "qualified  
52.30 expenses" means unreimbursed expenses for both the individual and the qualified donor  
52.31 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
52.32 may be subtracted under this clause only once; and "qualified donor" means the individual  
52.33 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
52.34 individual may claim the subtraction in this clause for each instance of organ donation for  
52.35 transplantation during the taxable year in which the qualified expenses occur;

53.1 (13) in each of the five tax years immediately following the tax year in which an  
53.2 addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a  
53.3 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
53.4 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the  
53.5 case of a shareholder of a corporation that is an S corporation, minus the positive value of  
53.6 any net operating loss under section 172 of the Internal Revenue Code generated for the  
53.7 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a  
53.8 subtraction is not allowed under this clause;

53.9 (14) to the extent included in the federal taxable income of a nonresident of  
53.10 Minnesota, compensation paid to a service member as defined in United States Code, title  
53.11 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
53.12 Act, Public Law 108-189, section 101(2);

53.13 (15) to the extent included in federal taxable income, the amount of national service  
53.14 educational awards received from the National Service Trust under United States Code,  
53.15 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
53.16 program;

53.17 (16) to the extent included in federal taxable income, discharge of indebtedness  
53.18 income resulting from reacquisition of business indebtedness included in federal taxable  
53.19 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
53.20 to the extent that the income was included in net income in a prior year as a result of the  
53.21 addition under section 290.01, subdivision 19a, clause (13);

53.22 (17) the amount of the net operating loss allowed under section 290.095, subdivision  
53.23 11, paragraph (c);

53.24 (18) the amount of expenses not allowed for federal income tax purposes due  
53.25 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
53.26 Revenue Code;

53.27 (19) the amount of the limitation on itemized deductions under section 68(b) of  
53.28 the Internal Revenue Code; ~~and~~

53.29 (20) the amount of the phaseout of personal exemptions under section 151(d) of  
53.30 the Internal Revenue Code; and

53.31 (21) for taxable years beginning after December 31, 2013, and before January 1,  
53.32 2015, to the extent included in federal taxable income, discharge of qualified principal  
53.33 residence indebtedness, as provided in subparagraph (E) of section 108(a)(1) of the  
53.34 Internal Revenue Code, without regard to whether subparagraph (E) of section 108(a)(1)  
53.35 of the Internal Revenue Code is in effect for the taxable year.

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

54.3 Sec. 8. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, as  
54.4 amended by Laws 2014, chapter 150, article 1, section 13, is amended to read:

54.5 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
54.6 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
54.7 ~~20, 2013~~ March 26, 2014. Internal Revenue Code also includes any uncodified provision  
54.8 in federal law that relates to provisions of the Internal Revenue Code that are incorporated  
54.9 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,  
54.10 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as  
54.11 amended through March 18, 2010.

54.12 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
54.13 except the changes incorporated by federal changes are effective retroactively at the same  
54.14 time as the changes were effective for federal purposes.

54.15 Sec. 9. Minnesota Statutes 2012, section 290.068, subdivision 1, is amended to read:

54.16 Subdivision 1. **Credit allowed.** A corporation, ~~partners in a partnership, or~~  
54.17 ~~shareholders in a corporation treated as an "S" corporation under section 290.9725~~ are  
54.18 individual, trust, or estate is allowed a credit against the tax computed under this chapter  
54.19 for the taxable year equal to:

- 54.20 (a) ten percent of the first \$2,000,000 of the excess (if any) of  
54.21 (1) the qualified research expenses for the taxable year, over  
54.22 (2) the base amount; and  
54.23 (b) 2.5 percent on all of such excess expenses over \$2,000,000.

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

54.26 Sec. 10. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as  
54.27 amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

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

- 54.30 (a) "Alternative minimum taxable income" means the sum of the following for  
54.31 the taxable year:

55.1 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
55.2 55(b)(2) of the Internal Revenue Code;

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

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

55.7 (ii) the medical expense deduction;

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

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

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

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

55.19 (5) to the extent not included in federal alternative minimum taxable income, the  
55.20 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

55.21 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)  
55.22 to (9), and (11) to (14);

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

55.24 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

55.25 (2) an overpayment of state income tax as provided by section 290.01, subdivision  
55.26 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

55.31 (4) amounts subtracted from federal taxable income as provided by section 290.01,  
55.32 subdivision 19b, clauses (6), (8) to (14), ~~and (16)~~, and (21); and

55.33 (5) the amount of the net operating loss allowed under section 290.095, subdivision  
55.34 11, paragraph (c).

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

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

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

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

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

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

56.11 Sec. 11. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, as  
56.12 amended by Laws 2014, chapter 150, article 1, section 22, is amended to read:

56.13 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal  
56.14 Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

56.15 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds  
56.16 based on property taxes payable after December 31, 2013, and rent paid after December  
56.17 31, 2012.

56.18 Sec. 12. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as  
56.19 amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

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

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

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

56.26 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
56.27 1986, as amended through ~~March 1~~ March 26, 2014.

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

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

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

57.10 (7) "Resident decedent" means an individual whose domicile at the time of death  
57.11 was in Minnesota.

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

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

57.14 (ii) tangible personal property, the state or country in which it was normally kept  
57.15 or located at the time of the decedent's death or for a gift of tangible personal property  
57.16 within three years of death, the state or country in which it was normally kept or located  
57.17 when the gift was executed; ~~and~~

57.18 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
57.19 Code, owned by a nonresident decedent and that is normally kept or located in this state  
57.20 because it is on loan to an organization, qualifying as exempt from taxation under section  
57.21 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
57.22 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

57.26 For a nonresident decedent with an ownership interest in a pass-through entity with  
57.27 assets that include real or tangible personal property, situs of the real or tangible personal  
57.28 property, including qualified works of art, is determined as if the pass-through entity does  
57.29 not exist and the real or tangible personal property is personally owned by the decedent.  
57.30 If the pass-through entity is owned by a person or persons in addition to the decedent,  
57.31 ownership of the property is attributed to the decedent in proportion to the decedent's  
57.32 capital ownership share of the pass-through entity.

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

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

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

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

58.4 (iv) a trust to the extent the property is includible in the decedent's federal gross  
58.5 estate; but excludes

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

58.9 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
58.10 dying after December 31, 2013.

58.11 Sec. 13. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to  
58.12 read:

58.13 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
58.14 dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

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

58.16 Sec. 14. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING**  
58.17 **BEFORE JANUARY 1, 2014.**

58.18 For estates of decedents dying before January 1, 2014, "taxable gift" as used by  
58.19 Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift  
58.20 which is included in taxable gifts for federal gift tax purposes under the following sections  
58.21 of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503;  
58.22 sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections  
58.23 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any  
58.24 property that has its situs outside Minnesota and including taxable gifts of any property  
58.25 that has its situs in Minnesota and were not disclosed to federal taxing authorities.

58.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable gifts made  
58.27 after June 30, 2013.

## 58.28 **ARTICLE 5**

### 58.29 **MINERALS TAXES**

58.30 Section 1. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

59.1 Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that  
59.2 imposes the aggregate production tax shall impose upon every operator a production tax  
59.3 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the  
59.4 county except that the county board may decide not to impose this tax if it determines  
59.5 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of  
59.6 aggregate material from that county. The tax shall not be imposed on aggregate material  
59.7 excavated in the county until the aggregate material is transported from the extraction site  
59.8 or sold, whichever occurs first. When aggregate material is stored in a stockpile within the  
59.9 state of Minnesota and a public highway, road or street is not used for transporting the  
59.10 aggregate material, the tax shall not be imposed until either when the aggregate material  
59.11 is sold, or when it is transported from the stockpile site, or when it is used from the  
59.12 stockpile, whichever occurs first.

59.13 (b) Except as provided in paragraph (e), a county that imposes the aggregate  
59.14 production tax under paragraph (a) shall impose upon every importer a production tax  
59.15 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the  
59.16 county. The tax shall be imposed when the aggregate material is imported from the  
59.17 extraction site or sold. When imported aggregate material is stored in a stockpile within  
59.18 the state of Minnesota and a public highway, road, or street is not used for transporting  
59.19 the aggregate material, the tax shall be imposed either when the aggregate material is  
59.20 sold, when it is transported from the stockpile site, or when it is used from the stockpile,  
59.21 whichever occurs first. The tax shall be imposed on an importer when the aggregate  
59.22 material is imported into the county that imposes the tax.

59.23 (c) If the aggregate material is transported directly from the extraction site to a  
59.24 waterway, railway, or another mode of transportation other than a highway, road or street,  
59.25 the tax imposed by this section shall be apportioned equally between the county where the  
59.26 aggregate material is extracted and the county to which the aggregate material is originally  
59.27 transported. If that destination is not located in Minnesota, then the county where the  
59.28 aggregate material was extracted shall receive all of the proceeds of the tax.

59.29 (d) A county, city, or town that receives revenue under this section is prohibited  
59.30 from imposing any additional host community fees on aggregate production within that  
59.31 county, city, or town.

59.32 (e) A county that borders two other states and that is not contiguous to a county  
59.33 that imposes a tax under this section may impose the taxes under paragraphs (a) and (b)  
59.34 at the rate of ten cents per cubic yard or seven cents per ton. ~~This paragraph expires  
59.35 December 31, 2014.~~

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

60.1 Sec. 2. Laws 2008, chapter 366, article 10, section 15, is amended to read:

60.2 Sec. 15. **2008 DISTRIBUTIONS ONLY.**

60.3 For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton  
60.4 that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6.  
60.5 If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision  
60.6 6, to make the payments required under this section and under Minnesota Statutes, section  
60.7 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be  
60.8 taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If  
60.9 2008 H.F. No. 1812 is enacted and includes a provision that distributes funds that would  
60.10 otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a  
60.11 manner different from the distribution required in this section, the distribution in this  
60.12 section supersedes the distribution set in 2008 H.F. No. 1812 notwithstanding Minnesota  
60.13 Statutes, section 645.26. The following amounts are allocated to St. Louis County acting  
60.14 as the fiscal agent for the recipients for the following specified purposes:

60.15 (1) two cents per ton must be paid to the Hibbing Economic Development Authority  
60.16 to retire bonds and for economic development purposes;

60.17 (2) one cent per ton must be divided among and paid in equal shares to each of the  
60.18 board of St. Louis County School District No. 2142, the board of Ely School District No.  
60.19 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia  
60.20 School District No. 706 for each to study the potential for and impact of consolidation  
60.21 and streamlining the operations of their school districts;

60.22 (3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

60.23 (4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for~~  
60.24 housing economic development projects;

60.25 (5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower  
60.26 infrastructure;

60.27 (6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water  
60.28 tower infrastructure;

60.29 (7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and  
60.30 safety and maintenance improvements at a former elementary school building that is  
60.31 currently owned by the city, to be used for economic development purposes;

60.32 (8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer  
60.33 lines from the city of Chisholm to the St. Louis County fairgrounds;

60.34 (9) 1.5 cents per ton must be paid to the White Community Hospital for debt  
60.35 restructuring;

61.1 (10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and  
61.2 water improvements;

61.3 (11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water  
61.4 improvements; and

61.5 (12) one cent per ton must be paid to Breitung township for sewer and water  
61.6 extensions associated with the development of a state park, provided that if a new state  
61.7 park is not established in Breitung township by July 1, 2009, the money provided in  
61.8 this clause must be transferred to the northeast Minnesota economic development fund  
61.9 established in Minnesota Statutes, section 298.2213.

61.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.  
61.11 Upon enactment, the city of Aitkin must release all funds under this section to St. Louis  
61.12 County acting as fiscal agent by July 1, 2014.

61.13 Sec. 3. Laws 2013, chapter 143, article 11, section 10, is amended to read:

61.14 Sec. 10. **2013 DISTRIBUTION ONLY.**

61.15 For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of  
61.16 any excess of the balance remaining after distribution of amounts required under Minnesota  
61.17 Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis  
61.18 County acting as the fiscal agent for the recipients for the following specific purposes:

61.19 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water  
61.20 supply system;

61.21 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities  
61.22 required as a result of actions undertaken by United States Steel Corporation;

61.23 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply  
61.24 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

61.25 (4) 2 cents per ton to the city of Tower for the Tower Marina;

61.26 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer  
61.27 system to replace aging effluent lines and for parking lot repaving;

61.28 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant  
61.29 improvements;

61.30 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

61.31 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson  
61.32 Intermodal Transportation Center;

61.33 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine  
61.34 hockey arena renovations;

- 62.1 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center
- 62.2 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and
- 62.3 Greenway Township;
- 62.4 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- 62.5 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
- 62.6 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary
- 62.7 sewer extension;
- 62.8 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- 62.9 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- 62.10 (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park
- 62.11 infrastructure, and a maintenance garage;
- 62.12 ~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~
- 62.13 ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street
- 62.14 reconstruction and the city auditorium;
- 62.15 ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and
- 62.16 water line replacements;
- 62.17 ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North
- 62.18 infrastructure and Franklin Park improvement; and
- 62.19 ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development
- 62.20 project.

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

62.22 **ARTICLE 6**

62.23 **LOCAL DEVELOPMENT**

62.24 Section 1. **[383A.155] HOUSING IMPROVEMENT AREAS.**

62.25 Subdivision 1. Powers of a housing improvement authority. The Ramsey County

62.26 Housing and Redevelopment Authority shall have the powers of a city under sections

62.27 428A.11 to 428A.21 to establish housing improvement areas in Ramsey County.

62.28 Subd. 2. Definitions. (a) For purposes of exercising the powers in sections 428A.11

62.29 to 428A.21, references in those sections to the terms in paragraphs (b) to (e) have the

62.30 meanings given them for purposes of this section.

62.31 (b) "Mayor" means the chair of the Ramsey County Housing and Redevelopment

62.32 Authority.

62.33 (c) "Council" or "governing body of the city" means the Ramsey County Housing

62.34 and Redevelopment Authority.

63.1 (d) "City clerk" means the person designated by the Ramsey County Housing and  
 63.2 Redevelopment Authority to carry out the duties of the city clerk under sections 428A.11  
 63.3 to 428A.21.

63.4 (e) "Enabling ordinance" means a resolution adopted under subdivision 3 by the  
 63.5 Ramsey County Housing and Redevelopment Authority.

63.6 Subd. 3. **Establishment of housing improvement areas.** The Ramsey County  
 63.7 Housing and Redevelopment Authority may adopt a resolution establishing one or  
 63.8 more housing improvement areas within the county under this section. The Ramsey  
 63.9 County Housing and Redevelopment Authority shall send a copy of each petition for the  
 63.10 establishment of a housing improvement area to the city in which the proposed housing  
 63.11 improvement area is located. The public hearings under sections 428A.13 and 428A.14  
 63.12 may be held at the times and places determined by the Ramsey County Housing and  
 63.13 Redevelopment Authority, except that they must be held at least 30 days after the date the  
 63.14 applicable petition was sent to the city. If the city council adopts a resolution opposing  
 63.15 the establishment within 30 days of the date the copy of the petition was sent to the city  
 63.16 under this subdivision, the Ramsey County Housing and Redevelopment Authority may  
 63.17 not establish the proposed housing improvement area.

63.18 Subd. 4. **Applicability.** Except as otherwise provided in this section, sections  
 63.19 428A.11 to 428A.21 apply to the establishment of a housing improvement area by the  
 63.20 Ramsey County Housing and Redevelopment Authority.

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

63.22 Sec. 2. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision  
 63.23 to read:

63.24 Subd. 11. **Tax credit allocation threshold criteria.** (a) In addition to the projects  
 63.25 described in section 462A.222, subdivision 3, paragraph (d), the Dakota County  
 63.26 Community Development Agency may allocate tax credits in the first round for up to three  
 63.27 projects of the following type: new construction or substantial rehabilitation multifamily  
 63.28 housing projects that are not restricted to persons who are 55 years of age or older and that  
 63.29 are located within one of the following areas at the time a reservation for tax credits is made:

63.30 (1) an area within one-half mile of a completed or planned light rail transit way, bus  
 63.31 rapid transit way, or commuter rail station;

63.32 (2) an area within one-fourth mile from any spot along a high-frequency local bus line;

63.33 (3) an area within one-half mile from a bus stop or station on a high-frequency  
 63.34 express route;

63.35 (4) an area within one-half mile from a park and ride lot; or

64.1 (5) an area within one-fourth mile of a high-service public transportation fixed  
 64.2 route stop.

64.3 (b) For purposes of this section, the following terms have the meaning given them:

64.4 (1) "high-frequency local bus line" means a local bus route providing service at  
 64.5 least every 15 minutes and running between 6:00 a.m. and 7:00 p.m. on weekdays and  
 64.6 between 9:00 a.m. and 6:00 p.m. on Saturdays;

64.7 (2) "high-frequency express route" means an express route with bus service  
 64.8 providing six or more trips during at least one of the peak morning hours between 6:00  
 64.9 a.m. and 9:00 a.m. and every ten minutes during the peak morning hour; and

64.10 (3) "high-service public transportation fixed route stop" means a stop serviced  
 64.11 between 6:00 a.m. and 7:00 p.m. on weekdays and 9:00 a.m. and 6:00 p.m. on Saturdays  
 64.12 and with service approximately every 30 minutes during that time.

64.13 **EFFECTIVE DATE.** This section is effective beginning with the 2015 allocation of  
 64.14 tax credit.

64.15 Sec. 3. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

64.16 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered  
 64.17 to have been expended on an activity within the district under subdivision 2 only if one  
 64.18 of the following occurs:

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

64.21 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
 64.22 sold to a third party before or within five years after certification, the revenues are spent  
 64.23 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
 64.24 reasonably expected to be spent before the end of the later of (i) the five-year period, or  
 64.25 (ii) a reasonable temporary period within the meaning of the use of that term under section  
 64.26 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
 64.27 or replacement fund;

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

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

65.1 (5) expenditures are made for housing purposes as permitted by subdivision 2,  
65.2 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted  
65.3 by subdivision 2, paragraph (e).

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

65.6 (c) For a redevelopment district or a renewal and renovation district certified after  
65.7 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph  
65.8 (a) are extended to (1) ten years after certification of the district or (2) June 30, 2017,  
65.9 whichever is later. This extension is provided primarily to accommodate delays in  
65.10 development activities due to unanticipated economic circumstances.

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

65.13 Sec. 4. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

65.14 Subd. 3. **Tax increment, relationship to chapters 276A and 473F.** (a) Unless the  
65.15 governing body elects pursuant to paragraph (b) the following method of computation  
65.16 shall apply to a district other than an economic development district for which the request  
65.17 for certification was made after June 30, 1997:

65.18 (1) The original net tax capacity and the current net tax capacity shall be determined  
65.19 before the application of the fiscal disparity provisions of chapter 276A or 473F. Where  
65.20 the original net tax capacity is equal to or greater than the current net tax capacity, there is  
65.21 no captured net tax capacity and no tax increment determination. Where the original net  
65.22 tax capacity is less than the current net tax capacity, the difference between the original  
65.23 net tax capacity and the current net tax capacity is the captured net tax capacity. This  
65.24 amount less any portion thereof which the authority has designated, in its tax increment  
65.25 financing plan, to share with the local taxing districts is the retained captured net tax  
65.26 capacity of the authority.

65.27 (2) The county auditor shall exclude the retained captured net tax capacity of the  
65.28 authority from the net tax capacity of the local taxing districts in determining local taxing  
65.29 district tax rates. The local tax rates so determined are to be extended against the retained  
65.30 captured net tax capacity of the authority as well as the net tax capacity of the local taxing  
65.31 districts. The tax generated by the extension of the lesser of (A) the local taxing district  
65.32 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the  
65.33 authority is the tax increment of the authority.

65.34 (b) The following method of computation applies to any ~~economic development~~  
65.35 ~~district for which the request for certification was made after June 30, 1997, and to any~~

66.1 other district for which the governing body, by resolution approving the tax increment  
66.2 financing plan pursuant to section 469.175, subdivision 3, elects:

66.3 (1) The original net tax capacity shall be determined before the application of the  
66.4 fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall  
66.5 exclude any fiscal disparity commercial-industrial net tax capacity increase between  
66.6 the original year and the current year multiplied by the fiscal disparity ratio determined  
66.7 pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original  
66.8 net tax capacity is equal to or greater than the current net tax capacity, there is no captured  
66.9 net tax capacity and no tax increment determination. Where the original net tax capacity is  
66.10 less than the current net tax capacity, the difference between the original net tax capacity  
66.11 and the current net tax capacity is the captured net tax capacity. This amount less any  
66.12 portion thereof which the authority has designated, in its tax increment financing plan, to  
66.13 share with the local taxing districts is the retained captured net tax capacity of the authority.

66.14 (2) The county auditor shall exclude the retained captured net tax capacity of the  
66.15 authority from the net tax capacity of the local taxing districts in determining local taxing  
66.16 district tax rates. The local tax rates so determined are to be extended against the retained  
66.17 captured net tax capacity of the authority as well as the net tax capacity of the local taxing  
66.18 districts. The tax generated by the extension of the lesser of (A) the local taxing district  
66.19 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the  
66.20 authority is the tax increment of the authority.

66.21 (3) An election by the governing body pursuant to paragraph (b) shall be submitted  
66.22 to the county auditor by the authority at the time of the request for certification pursuant to  
66.23 subdivision 1.

66.24 (c) The method of computation of tax increment applied to a district pursuant to  
66.25 paragraph (a) or (b) shall remain the same for the duration of the district, except that  
66.26 the governing body may elect to change its election from the method of computation in  
66.27 paragraph (a) to the method in paragraph (b).

66.28 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
66.29 certification is made after June 30, 2014.

66.30 Sec. 5. Laws 2013, chapter 143, article 9, section 23, is amended to read:

66.31 Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

66.32 (a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer  
66.33 from the tax increment financing accounts for its Tax Increment Financing District No.  
66.34 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment  
66.35 for each district that is computed under the provisions of Minnesota Statutes, section

67.1 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for  
67.2 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle  
67.3 commuters and recreational users. The city is authorized to and must use the transferred  
67.4 funds to complete the repair, renovation, or replacement of the bridge. Upon completion  
67.5 of the repair, renovation, or replacement of the bridge, the city may use any remaining  
67.6 funds in the account for costs of improving bicycle and pedestrian trails that access the  
67.7 bridge and that use is deemed to be a permitted use of the increments.

67.8 (b) No signs, plaques, or markers acknowledging or crediting donations for,  
67.9 sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar  
67.10 Avenue bridge.

67.11 **EFFECTIVE DATE.** This section is effective without local approval under  
67.12 Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

67.13 Sec. 6. **CITY OF EAGAN; TAX INCREMENT FINANCING.**

67.14 (a) Effective for taxes payable in 2015, the city of Eagan may elect to compute tax  
67.15 increment for the Cedar Grove Tax Increment Financing District using the current local tax  
67.16 rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

67.17 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
67.18 activities must be undertaken within a five-year period from the date of certification of a  
67.19 tax increment financing district, is considered to be met for TIF District 2-5 in the city  
67.20 of Eagan if the activities are undertaken within seven years from the date of certification  
67.21 of the district.

67.22 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
67.23 body of the city of Eagan with the requirements of Minnesota Statutes, section 645.021,  
67.24 subdivision 3.

67.25 Sec. 7. **CITY OF EDINA; TAX INCREMENT FINANCING.**

67.26 Subdivision 1. Authority to create districts. (a) The governing body of the city of  
67.27 Edina or its development authority may establish one or more tax increment financing  
67.28 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
67.29 exist on March 31, 2014.

67.30 (b) The authority to request certification of districts under this section expires on  
67.31 June 30, 2017.

68.1 Subd. 2. **Rules governing districts.** (a) Housing districts established under this  
68.2 section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794,  
68.3 except as otherwise provided in this subdivision.

68.4 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176,  
68.5 subdivision 1b, no increment must be paid to the authority after 15 years after receipt by  
68.6 the authority of the first increment from a district established under this section.

68.7 (c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761,  
68.8 subdivision 3, for a residential rental project, the city may elect to substitute "10 percent"  
68.9 for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code  
68.10 in determining the applicable income limits.

68.11 Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment  
68.12 from the Southdale 2 district for a housing project of a district established under  
68.13 this section as expenditures qualifying under Minnesota Statutes, section 469.1763,  
68.14 subdivision 2, paragraph (d), without regard to whether the housing meets the requirement  
68.15 of a qualified building under section 42 of the Internal Revenue Code.

68.16 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
68.17 body of the city of Edina with the requirements of Minnesota Statutes, section 645.021,  
68.18 subdivisions 2 and 3.

68.19 Sec. 8. **SHOREVIEW TAX INCREMENT FINANCING PILOT PROJECT.**

68.20 Subdivision 1. **Authority to establish districts.** (a) The governing body of the  
68.21 city of Shoreview or a development authority it designates may establish one or more  
68.22 economic development tax increment financing districts in the city subject to the special  
68.23 rules under this section. The purpose of these districts is the retention and expansion of  
68.24 existing businesses in the city and the attraction of new business to the state to create and  
68.25 retain high paying jobs.

68.26 (b) The authority to establish or approve the tax increment financing plans and  
68.27 request certification for districts under this section expires on June 30, 2019.

68.28 Subd. 2. **Qualified businesses.** For purposes of this section, a "qualified business"  
68.29 must satisfy the following requirements:

68.30 (1) the business must qualify under one of the following when the tax increment  
68.31 financing plan is approved:

68.32 (i) it operates at a location in the city of Shoreview;

68.33 (ii) it does not have substantial operations in Minnesota; or

68.34 (iii) the assistance is provided for relocation of a portion of the business's operation  
68.35 from another state;

69.1 (2) the expansion or location of the operations of the business in the city, as  
69.2 provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to  
69.3 116J.995, will result in an increase in manufacturing, research, service, or professional  
69.4 jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater  
69.5 than 25 percent of the median wage or salary for all jobs within the metropolitan area; and

69.6 (3) the business is not engaged in making retail sales or in providing other services,  
69.7 such as legal, medical, accounting, financial, entertainment, or similar, to third parties, at  
69.8 the location receiving assistance.

69.9 Subd. 3. **Applicable rules.** (a) Unless otherwise stated, the provisions of Minnesota  
69.10 Statutes, sections 469.174 to 469.1794, apply to districts established under this section.

69.11 (b) Notwithstanding the provisions of section 469.176, subdivision 1b, the duration  
69.12 limit for districts created under this section is 12 years after the receipt of the first increment.

69.13 (c) The provisions of Minnesota Statutes, section 469.176, subdivision 4c, apply  
69.14 to determining the permitted uses of increments from the districts with the following  
69.15 exceptions:

69.16 (1) any building and facilities must be for a qualified business;

69.17 (2) the building and facilities must not be used by the qualified business or its  
69.18 lessees or tenants to relocate operations from another location in this state outside of the  
69.19 city of Shoreview;

69.20 (3) the 15 percent limit in subdivision 4c, paragraph (a), is increased to 25 percent; and

69.21 (4) the city or development authority may elect to deposit up to 20 percent of the  
69.22 increments in the fund established under subdivision 4. If the city elects to use this  
69.23 authority, all of the remaining increments must be expended for administrative expenses  
69.24 or for activities within the district under Minnesota Statutes, section 469.1763.

69.25 (d) The governing body of the city may elect, by resolution, to determine the  
69.26 original and current net tax capacity of a district established under this section using the  
69.27 computation under Minnesota Statutes, section 469.177, subdivision 3, paragraph (a) or (b).

69.28 Subd. 4. **Business retention and expansion fund.** (a) The city may establish a  
69.29 business retention and expansion fund and deposit in the fund:

69.30 (1) increments as provided under subdivision 3, paragraph (c), clause (4); and

69.31 (2) increments from a district for which the request for certification of the district  
69.32 was made prior to April 30, 1990, if the amount necessary to meet all of the debt and other  
69.33 obligations incurred for that district has been received by the city.

69.34 (b) Amounts in the fund may be expended to assist qualified businesses, as permitted  
69.35 under subdivisions 2 and 3, and are not otherwise subject to the restrictions in Minnesota  
69.36 Statutes, sections 469.174 to 469.1794.

70.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
 70.2 body of the city of Shoreview with the requirements of Minnesota Statutes, section  
 70.3 645.021, subdivision 3.

70.4 Sec. 9. **CITY OF NORTH ST. PAUL; TAX INCREMENT FINANCING;**  
 70.5 **PARCELS DEEMED OCCUPIED.**

70.6 If the city of North St. Paul authorizes the creation of a redevelopment tax increment  
 70.7 financing district under Minnesota Statutes, section 469.174, subdivision 10, parcel  
 70.8 number 122922330059 is deemed to meet the requirements of Minnesota Statutes, section  
 70.9 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions of that  
 70.10 paragraph, if the following conditions are met:

70.11 (1) buildings located on the parcel were demolished after the city of North St. Paul  
 70.12 adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph  
 70.13 (d), clause (3);

70.14 (2) the buildings were removed either by the city of North St. Paul or by the owner  
 70.15 of the property by entering into a development agreement; and

70.16 (3) the request for certification of the parcel as part of a district is filed with the  
 70.17 county auditor by December 31, 2016.

70.18 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
 70.19 body of the city of North St. Paul with the requirements of Minnesota Statutes, section  
 70.20 645.021, subdivisions 2 and 3.

70.21 **ARTICLE 7**

70.22 **MISCELLANEOUS**

70.23 Section 1. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

70.24 Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of  
 70.25 the state may not issue, transfer, or renew, and must revoke, a license for the conduct of  
 70.26 a profession, occupation, trade, or business, if the commissioner notifies the licensing  
 70.27 authority that the applicant owes the state delinquent taxes payable to the commissioner,  
 70.28 penalties, or interest. The commissioner may not notify the licensing authority unless the  
 70.29 applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has  
 70.30 not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or  
 70.31 interest, but has not filed returns, the commissioner may not notify the licensing authority  
 70.32 unless the taxpayer has been given 90 days' written notice to file the returns or show  
 70.33 that the returns are not required to be filed.

71.1 (b) Within ten days after receipt of the notification from the commissioner under  
 71.2 paragraph (a), the licensing authority must notify the license holder by certified mail of  
 71.3 the potential revocation of the license for the applicable reason under paragraph (a).  
 71.4 The notice must include a copy of the commissioner's notice to the licensing agency  
 71.5 and information, in the form specified by the commissioner, on the licensee's option for  
 71.6 receiving a tax clearance from the commissioner. The licensing authority must revoke the  
 71.7 license 30 days after receiving the notice from the commissioner, unless it receives a tax  
 71.8 clearance from the commissioner as provided in paragraph (c).

71.9 (c) A licensing authority that has received a notice from the commissioner may  
 71.10 issue, transfer, renew, or not revoke the applicant's license only if (a) (1) the commissioner  
 71.11 issues a tax clearance certificate and (b) (2) the commissioner or the applicant forwards a  
 71.12 copy of the clearance to the authority. The commissioner may issue a clearance certificate  
 71.13 only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or  
 71.14 interest and has filed all required returns.

71.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

71.16 Sec. 2. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

71.17 Subd. 3. **Notice and hearing.** ~~(a) The commissioner, on notifying a licensing~~  
 71.18 ~~authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a~~  
 71.19 ~~copy of the notice to the applicant. If the applicant requests, in writing, within 30 days~~  
 71.20 ~~of the date of the notice a hearing, a contested case hearing must be held. The hearing~~  
 71.21 ~~must be held within 45 days of the date the commissioner refers the case to the Office of~~  
 71.22 ~~Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be~~  
 71.23 ~~served with 20 days' notice in writing specifying the time and place of the hearing and the~~  
 71.24 ~~allegations against the applicant. The notice may be served personally or by mail.~~

71.25 ~~(b) (a)~~ (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a  
 71.26 license, the commissioner must send a notice to the applicant of the commissioner's intent  
 71.27 to require revocation of the license and of the applicant's right to a hearing under paragraph  
 71.28 (a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a  
 71.29 contested case hearing must be held. The hearing must be held within 45 days of the date  
 71.30 the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding  
 71.31 any law to the contrary, the applicant must be served with 20 days notice in writing  
 71.32 specifying the time and place of the hearing and the allegations against the applicant. The  
 71.33 notice may be served personally or by mail. A license is subject to revocation when 30  
 71.34 days have passed following the date of the notice in this paragraph without the applicant  
 71.35 requesting a hearing, or, if a hearing is timely requested, upon final determination of the

72.1 hearing under section 14.62, subdivision 1. ~~A license shall be revoked by the licensing~~  
 72.2 ~~authority within 30 days after receiving notice from the commissioner to revoke.~~

72.3 (b) The commissioner may notify a licensing authority under subdivision 1 only  
 72.4 after the requirements of paragraph (a) have been satisfied.

72.5 (c) A hearing under this subdivision is in lieu of any other hearing or proceeding  
 72.6 provided by law arising from any action taken under subdivision 1.

72.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

72.8 Sec. 3. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

72.9 Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments~~  
 72.10 ~~authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are~~  
 72.11 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~  
 72.12 ~~under this authority after December 31, 1990, (a) Except as provided in paragraph (b),~~  
 72.13 amounts included in composite judgments authorized by section 279.37, subdivision 1, are  
 72.14 subject to interest at the rate calculated under subdivision 1a. During each calendar year,  
 72.15 interest shall accrue on the unpaid balance of the composite judgment from the time it is  
 72.16 confessed until it is paid. The rate of interest is subject to change each year in the same  
 72.17 manner that section 549.09 or subdivision 1a, whichever is applicable, for rate changes.  
 72.18 Interest on the unpaid contract balance on judgments confessed before July 1, 1982,  
 72.19 is payable at the rate applicable to the judgment at the time that it was confessed. The  
 72.20 interest rate established at the time the judgment is confessed is fixed for the duration of  
 72.21 that judgment.

72.22 (b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and  
 72.23 used as the primary homestead of the owner, is subject to interest at the rate provided in  
 72.24 section 279.37, subdivision 2, paragraph (b).

72.25 **EFFECTIVE DATE.** This section is effective for confession judgments entered  
 72.26 into on or after January 1, 2015.

72.27 Sec. 4. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is  
 72.28 amended to read:

72.29 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to  
 72.30 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
 72.31 make and file with the county auditor of the county in which the parcel is located a written  
 72.32 offer to pay the current taxes each year before they become delinquent, or to contest the  
 72.33 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess

73.1 judgment for the amount provided, as determined by the county auditor. By filing the  
73.2 offer, the owner waives all irregularities in connection with the tax proceedings affecting  
73.3 the parcel and any defense or objection which the owner may have to the proceedings, and  
73.4 also waives the requirements of any notice of default in the payment of any installment or  
73.5 interest to become due pursuant to the composite judgment to be so entered. Unless the  
73.6 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of  
73.7 the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current  
73.8 year taxes and penalty due at the time the confession of judgment is entered. In the offer,  
73.9 the owner shall agree to pay the balance in nine equal installments, with interest as provided  
73.10 in section 279.03, payable annually on installments remaining unpaid from time to time, on  
73.11 or before December 31 of each year following the year in which judgment was confessed.

73.12 (b) If any part of the parcel consists of real estate classified as 1a or 1b and used as the  
73.13 homestead by the owner of the property, the commissioner of revenue shall set annually  
73.14 the interest rate on offers made under paragraph (a) at the greater of five percent or two  
73.15 percent above the prime rate charged by banks during the six-month period ending on  
73.16 September 30 of that year, rounded to the nearest full percent, provided that the rate must  
73.17 not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The  
73.18 rate of interest becomes effective on January 1 of the immediately succeeding year. If a  
73.19 default occurs in the payments under any confessed judgment entered under this paragraph,  
73.20 the taxes and penalties due are subject to the interest rate specified in section 279.03.

73.21 For the purposes of this subdivision:

73.22 (1) the term "prime rate charged by banks" means the average predominant prime  
73.23 rate quoted by commercial banks to large businesses, as determined by the Board of  
73.24 Governors of the Federal Reserve System; and

73.25 (2) "default" means the cancellation of the confession of judgment due to  
73.26 nonpayment of the current year tax or failure to make any installment payment required by  
73.27 this confessed judgment within 60 days from the date on which payment was due.

73.28 (c) The interest rate established at the time judgment is confessed is fixed for the  
73.29 duration of the judgment. By October 15 of each year, the commissioner of revenue must  
73.30 determine the rate of interest as provided under paragraph (b) and, by November 1 of each  
73.31 year, must certify the rate to the county auditor.

73.32 (d) A qualified property owner eligible to enter into a second confession of judgment  
73.33 may do so at the interest rate provided in paragraph (b).

73.34 (e) Repurchase agreements or contracts for repurchase for properties being  
73.35 repurchased under section 282.261 are not eligible to receive the interest rate under  
73.36 paragraph (b).

74.1 (f) The offer must be substantially as follows:

74.2 "To the court administrator of the district court of ..... county, I, .....,  
74.3 am the owner of the following described parcel of real estate located in .....  
74.4 county, Minnesota:

74.5 ..... Upon that real estate there are delinquent taxes for the year ....., and  
74.6 prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
74.7 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in  
74.8 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and  
74.9 any defense or objection which I may have to them, and direct judgment to be entered for  
74.10 the amount stated above, minus the sum of \$....., to be paid with this document, which  
74.11 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.  
74.12 I agree to pay the balance of the judgment in nine or four equal, annual installments, with  
74.13 interest as provided in section 279.03, payable annually, on the installments remaining  
74.14 unpaid. I agree to pay the installments and interest on or before December 31 of each year  
74.15 following the year in which this judgment is confessed and current taxes each year before  
74.16 they become delinquent, or within 30 days after the entry of final judgment in proceedings  
74.17 to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

74.18 Dated ....., ....."

74.19 **EFFECTIVE DATE.** This section shall be effective for confession judgments  
74.20 entered into on or after January 1, 2015.

74.21 Sec. 5. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is  
74.22 amended to read:

74.23 Subd. 2. **Rate.** The tax shall be as follows:

| Base Price                                   | Tax      |
|--|----------|
| <del>Under \$499,999</del>                   |          |
| <u>Not over \$500,000</u>                    | \$100    |
| <del>over \$500,000 to \$999,999</del>       |          |
| <u>but not over \$1,000,000</u>              | \$200    |
| <del>over \$1,000,000 to \$2,499,999</del>   |          |
| <u>but not over \$2,500,000</u>              | \$2,000  |
| <del>over \$2,500,000 to \$4,999,999</del>   |          |
| <u>but not over \$5,000,000</u>              | \$4,000  |
| <del>over \$5,000,000 to \$7,499,999</del>   |          |
| <u>but not over \$7,500,000</u>              | \$7,500  |
| <del>over \$7,500,000 to \$9,999,999</del>   |          |
| <u>but not over \$10,000,000</u>             | \$10,000 |
| <del>over \$10,000,000 to \$12,499,999</del> |          |
| <u>but not over \$12,500,000</u>             | \$12,500 |

|       |  |          |
|-------|--|----------|
| 75.1  | <u>over \$12,500,000 to \$14,999,999</u> |          |
| 75.2  | <u>but not over \$15,000,000</u>         | \$15,000 |
| 75.3  | <u>over \$15,000,000 to \$17,499,999</u> |          |
| 75.4  | <u>but not over \$17,500,000</u>         | \$17,500 |
| 75.5  | <u>over \$17,500,000 to \$19,999,999</u> |          |
| 75.6  | <u>but not over \$20,000,000</u>         | \$20,000 |
| 75.7  | <u>over \$20,000,000 to \$22,499,999</u> |          |
| 75.8  | <u>but not over \$22,500,000</u>         | \$22,500 |
| 75.9  | <u>over \$22,500,000 to \$24,999,999</u> |          |
| 75.10 | <u>but not over \$25,000,000</u>         | \$25,000 |
| 75.11 | <u>over \$25,000,000 to \$27,499,999</u> |          |
| 75.12 | <u>but not over \$27,500,000</u>         | \$27,500 |
| 75.13 | <u>over \$27,500,000 to \$29,999,999</u> |          |
| 75.14 | <u>but not over \$30,000,000</u>         | \$30,000 |
| 75.15 | <u>over \$30,000,000 to \$39,999,999</u> |          |
| 75.16 | <u>but not over \$40,000,000</u>         | \$50,000 |
| 75.17 | <u>over \$40,000,000 and over</u>        | \$75,000 |

75.18            **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to aircraft  
 75.19 tax due on or after that date.

75.20            Sec. 6. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

75.21            Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the  
 75.22 cost of designing, constructing, and acquiring countywide public safety improvements  
 75.23 and equipment, including personal property, benefiting both Anoka County and the  
 75.24 municipalities located within Anoka County, the governing body of Anoka County may  
 75.25 levy property taxes for public safety improvements and equipment, and issue:

75.26            (1) capital improvement bonds under the provisions of section 373.40 as if the  
 75.27 infrastructure and equipment qualified as a "capital improvement" within the meaning of  
 75.28 section 373.40, subdivision 1, paragraph (b); and

75.29            (2) capital notes under the provisions of section 373.01, subdivision 3, as if the  
 75.30 equipment qualified as "capital equipment" within the meaning of section 373.01,  
 75.31 subdivision 3. Personal property acquired with the proceeds of the bonds or capital  
 75.32 notes issued under this section must have an expected useful life at least as long as the  
 75.33 term of debt.

75.34            (b) The outstanding principal amount of the bonds and the capital notes issued under  
 75.35 this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant  
 75.36 to this section must only be issued after approval by a majority vote of the Anoka County  
 75.37 Joint Law Enforcement Council, a joint powers board.

76.1 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2013  
76.2 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

76.3 Sec. 7. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

76.4 Subd. 2. **Treatment of levy.** Notwithstanding sections 275.065, subdivision 3,  
76.5 and 276.04, the county may report the tax attributable to any levy to fund public safety  
76.6 capital improvements or equipment projects approved by the Anoka County Joint Law  
76.7 Enforcement Council or pay principal and interest on bonds or notes issued under this  
76.8 section as a separate line item on the proposed property tax notice and the property tax  
76.9 statement. ~~Notwithstanding any provision in chapter 275 or 373 to the contrary, bonds or~~  
76.10 ~~notes issued by Anoka County under this section must not be included in the computation~~  
76.11 ~~of the net debt of Anoka County.~~

76.12 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2013  
76.13 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

76.14 Sec. 8. Minnesota Statutes 2013 Supplement, section 469.169, is amended by adding a  
76.15 subdivision to read:

76.16 Subd. 20. **Additional zone allocations.** \$3,000,000 is allocated per year for calendar  
76.17 years 2014 through 2019 for tax reductions in border city enterprise zones and border city  
76.18 development zones. The commissioner shall allocate this amount among the cities on a  
76.19 per capita basis. Allocations may be used for tax reductions for that year under either:

76.20 (1) the border city enterprise zone program under section 469.171, or for other  
76.21 offsets of taxes imposed on or remitted by businesses located in the enterprise zone, if  
76.22 the municipality determines that the granting of the tax reduction or offset is necessary to  
76.23 retain a business within or attract a business to the zone; or

76.24 (2) the border city development zone program under section 469.1732 or 469.1734.

76.25 **EFFECTIVE DATE.** This section is effective July 1, 2014, but only \$1,500,000 is  
76.26 available in calendar year 2014.

76.27 Sec. 9. Minnesota Statutes 2012, section 469.171, subdivision 6, is amended to read:

76.28 Subd. 6. **Additional border city tax reductions.** In addition to the tax reductions  
76.29 authorized by subdivision 1, for a border city zone, the following types of tax reductions  
76.30 may be approved:

77.1 (1) a credit against income tax for workers employed in the zone and not qualifying  
 77.2 for a credit under subdivision 1, clause (2), subject to a maximum of ~~\$1,500~~ \$3,000 per  
 77.3 employee per year;

77.4 (2) a state paid property tax credit for a portion of the property taxes paid by a  
 77.5 commercial or industrial facility located in the zone.

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

77.7 Sec. 10. **CARLTON COUNTY; LEVY FOR SOIL AND WATER**  
 77.8 **CONSERVATION DISTRICT.**

77.9 **Subdivision 1. Definitions.** (a) For the purposes of this section, "district" means  
 77.10 the Carlton County Soil and Water Conservation District.

77.11 (b) For the purposes of this section, "county" means Carlton County.

77.12 **Subd. 2. Special project levy.** Notwithstanding any law to the contrary, the county  
 77.13 may levy ad valorem property taxes on taxable property within the area of its jurisdiction  
 77.14 for the purposes specified in subdivision 3. The proceeds of the tax must be placed in a  
 77.15 separate account and used only for the purposes specified in subdivision 3. The amount  
 77.16 levied is separate from any other amount to be levied for the district by the county under  
 77.17 Minnesota Statutes, section 103C.331, subdivision 16.

77.18 **Subd. 3. Purpose; limit on levy amount.** (a) The county must allocate the  
 77.19 proceeds of any tax imposed under this section to the district solely to pay principal,  
 77.20 interest, and any associated costs of obtaining and servicing a loan to finance the planning,  
 77.21 constructing, and equipping of an office and storage facility for the district.

77.22 (b) The maximum amount of the levy in any year may not exceed the amount  
 77.23 necessary, after deduction of any amount remaining from the levy imposed in prior years,  
 77.24 to pay 105 percent of the principal and interest due in the following calendar year and  
 77.25 through July 1 of the next year.

77.26 **Subd. 4. Expiration.** (a) This section expires:

77.27 (1) following the final payment of principal, interest, and any associated costs of the  
 77.28 loan under subdivision 3, or any loan or other financing that refinanced the original loan; or

77.29 (2) if the district does not obtain the loan under subdivision 3 prior to May 1, 2017.

77.30 (b) Upon expiration of this section, any amount remaining in the account created  
 77.31 under subdivision 2 must be transferred to the general account of the county and used to  
 77.32 reduce any amount to be levied for the district by the county under Minnesota Statutes,  
 77.33 section 103C.331, subdivision 16, for the following year, and any subsequent years, until  
 77.34 the amount remaining is exhausted.

78.1 **EFFECTIVE DATE.** This section is effective the day following compliance by  
78.2 Carlton County with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

78.3 Sec. 11. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

78.4 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under  
78.5 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax  
78.6 expenditure provide a purpose for the tax expenditure and a standard or goal against  
78.7 which its effectiveness may be measured.

78.8 Subd. 2. **Income tax subtraction for discharge of indebtedness income.** The  
78.9 provisions of article 4, section 7, clause (21), are intended to exclude from state taxation in  
78.10 2014 amounts otherwise recognizable as income but excluded at the federal level for tax  
78.11 years 2007 through 2013 in response to the national housing crisis.

78.12 Subd. 3. **Income tax subtraction for military pay; Active Guard/Reserve**  
78.13 **members of the National Guard.** The provisions of article 4, section 7, clause (10), are  
78.14 intended to provide equitable tax treatment to Minnesota residents who are members of  
78.15 the National Guard and serve full time in Active Guard/Reserve (AGR) status by allowing  
78.16 an income tax subtraction for military pay equivalent to that allowed under Minnesota  
78.17 Statutes, section 290.01, subdivision 19b, clause (11), for Minnesota residents who serve  
78.18 full time in the armed forces of the United States.

78.19 Subd. 4. **Research credit for sole proprietors.** The provisions of article 4, section  
78.20 9, are intended to provide equitable tax treatment for Minnesota businesses operated as  
78.21 sole proprietorships by allowing sole proprietors to claim the research credit on the same  
78.22 basis as it is allowed for businesses operated as C corporations or pass-through entities.

78.23 Subd. 5. **Estate tax situs rule for qualified art.** The provisions of article 4, section  
78.24 12, deeming certain qualified art on loan to Minnesota nonprofit entities as property with  
78.25 a situs outside Minnesota under the estate tax are intended to prevent the Minnesota  
78.26 estate tax from discouraging nonresident owners of art from loaning it to Minnesota  
78.27 nonprofit museums.

78.28 Subd. 6. **Sales of coin-operated amusement devices defined as sales for resale.**  
78.29 The provisions of article 3, section 9, defining certain coin-operated amusement devices  
78.30 as sales for resale are intended to reduce tax pyramiding by exempting an input to a  
78.31 taxable service.

78.32 Subd. 7. **Expansion of sales tax exemption for local governments.** The provisions  
78.33 of article 3, sections 12 and 17, modifying the sales tax on certain local government  
78.34 purchases are intended to reduce the cost of providing local government services,

79.1 remove a barrier for intergovernmental cooperation, and reduce existing compliance and  
 79.2 administration costs for local governments.

79.3 Subd. 8. **Fund-raising sales by nonprofit groups.** The provisions of article 3,  
 79.4 section 13, raising the limit on tax exempt fund-raising by nonprofit organizations is  
 79.5 intended to reflect the impact on inflation over time on the limit and reduce compliance  
 79.6 costs for groups that exceed the limit.

79.7 Subd. 10. **Microdistillery credit.** The provisions of article 3, section 19, allowing a  
 79.8 microdistillery credit is to relieve small distillers of the burden of paying excise tax on  
 79.9 the distribution of free samples of their products and to encourage the development and  
 79.10 marketing of products by niche distillers in the state.

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

## 79.12 **ARTICLE 8**

### 79.13 **UNSESSION**

79.14 Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

79.15 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a  
 79.16 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by  
 79.17 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,  
 79.18 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability  
 79.19 owed, an assignment to the state including assignments under section 256.741, the Social  
 79.20 Security Act, or other state or federal law, recovery of costs incurred by the state, or any  
 79.21 other source of indebtedness to the state. Debt also includes amounts owed to individuals  
 79.22 as a result of civil, criminal, or administrative action brought by the state or a state agency  
 79.23 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary  
 79.24 capacity in providing collection services in accordance with the regulations adopted under  
 79.25 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When  
 79.26 the commissioner provides collection services pursuant to a debt qualification plan to a  
 79.27 referring agency, debt also includes an amount owed to the courts, local government  
 79.28 units, Minnesota state colleges and universities governed by the Board of Trustees of the  
 79.29 Minnesota State Colleges and Universities, or University of Minnesota.

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

79.31 Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

79.32 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local  
 79.33 government unit, Minnesota state colleges and universities governed by the Board of

80.1 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a  
80.2 court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner  
80.3 to refer debts to the commissioner for collection.

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

80.5 Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

80.6 Subd. 3. **Services.** The commissioner shall provide collection services for a state  
80.7 agency, and may provide for collection services for ~~a court, in accordance with the terms and~~  
80.8 ~~conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

80.10 Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

80.11 Subd. 4. **Authority to contract.** The ~~commissioners~~ commissioner of revenue ~~and~~  
80.12 ~~management and budget~~ may contract with credit bureaus, private collection agencies, and  
80.13 other entities as necessary for the collection of debts. A private collection agency acting  
80.14 under a contract with the commissioner of revenue ~~or management and budget~~ is subject  
80.15 to sections 332.31 to 332.45, except that the private collection agency may indicate that it  
80.16 is acting under a contract with the state. The commissioner may not delegate the powers  
80.17 provided under section 16D.08 to any nongovernmental entity.

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

80.19 Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

80.20 **16D.07 NOTICE TO DEBTOR.**

80.21 The referring agency shall send notice to the debtor by United States mail or  
80.22 personal delivery at the debtor's last known address at least 20 days before the debt is  
80.23 referred to the commissioner. The notice must state the nature and amount of the debt,  
80.24 identify to whom the debt is owed, and inform the debtor of the remedies available under  
80.25 this chapter. The referring agency shall advise the debtor of collection costs imposed  
80.26 under section 16D.11 and of the debtor's right to cancellation of collection costs under  
80.27 section 16D.11, subdivision 3.

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

80.29 Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

81.1 Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and~~  
 81.2 ~~budget revenue~~, collection costs shall be added to the debts referred to the commissioner  
 81.3 or private collection agency for collection. Collection costs are collectible by the  
 81.4 commissioner or private agency from the debtor at the same time and in the same  
 81.5 manner as the referred debt. ~~The referring agency shall advise the debtor of collection~~  
 81.6 ~~costs under this section and the debtor's right to cancellation of collection costs under~~  
 81.7 ~~subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~  
 81.8 If the commissioner or private agency collects an amount less than the total due, the  
 81.9 payment is applied proportionally to collection costs and the underlying debt unless  
 81.10 the commissioner of management and budget has waived this requirement for certain  
 81.11 categories of debt pursuant to the department's internal guidelines. Collection costs  
 81.12 collected by the commissioner under this subdivision or retained under subdivision 6 shall  
 81.13 be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by~~  
 81.14 ~~private agencies are appropriated to the referring agency to pay the collection fees charged~~  
 81.15 ~~by the private agency.~~ Collections of collection costs in excess of collection agency fees  
 81.16 must be deposited in the general fund as nondedicated receipts.

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

81.18 Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

81.19 Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be  
 81.20 canceled and subtracted from the amount due if:

81.21 (1) the debtor's household income as defined in section 290A.03, subdivision 5,  
 81.22 excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for  
 81.23 the 12 months preceding the date of referral is less than twice the annual federal poverty  
 81.24 guideline under United States Code, title 42, section 9902, subsection (2);

81.25 (2) within 60 days after the first contact with the debtor by the ~~enterprise~~  
 81.26 commissioner or collection agency, the debtor establishes reasonable cause for the failure  
 81.27 to pay the debt prior to referral of the debt to the ~~enterprise~~ commissioner;

81.28 (3) a good faith dispute as to the legitimacy or the amount of the debt is made,  
 81.29 and payment is remitted or a payment agreement is entered into within 30 days after  
 81.30 resolution of the dispute;

81.31 (4) good faith litigation occurs and the debtor's position is substantially justified, and  
 81.32 if the debtor does not totally prevail, the debt is paid or a payment agreement is entered  
 81.33 into within 30 days after the judgment becomes final and nonappealable; or

81.34 (5) collection costs have been added by the referring agency and are included in  
 81.35 the amount of the referred debt.

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

82.2 Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

82.3 Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall  
82.4 determine the rate of collection costs for debts referred to the ~~enterprise~~ commissioner  
82.5 during the next fiscal year. The rate is a percentage of the debts in an amount that most  
82.6 nearly equals the costs of the ~~enterprise~~ commissioner necessary to process and collect  
82.7 referred debts under this chapter. In no event shall the rate of the collection costs exceed  
82.8 25 percent of the debt. Determination of the rate of collection costs under this section is  
82.9 not subject to the fee setting requirements of section 16A.1283.

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

82.11 Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

82.12 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county  
82.13 commissioners of any county may by resolution propose to the state that one or more  
82.14 areas in the county be taken over by the state for afforestation, reforestation, flood control  
82.15 projects, or other state purposes. The projects are to be managed, controlled, and used for  
82.16 the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set  
82.17 forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1)~~ the county  
82.18 contains lands suitable for the purposes in subdivision 1, ~~(2) on January 1, 1931, the taxes~~  
82.19 ~~on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1,~~  
82.20 ~~1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds~~  
82.21 ~~nine percent of the assessed valuation of the county, exclusive of money and credits.~~

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

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

82.31 Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

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

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

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

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

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

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

83.13 Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

83.14 Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility  
 83.15 shall register on or before October 1 of each year with the commissioner of revenue in  
 83.16 a manner prescribed by the commissioner of revenue and pay a registration fee for the  
 83.17 facility. The amount of the fee is:

83.18 (1) \$500, for facilities with a full-time equivalence of fewer than five;

83.19 (2) \$1,000, for facilities with a full-time equivalence of five to ten; and

83.20 (3) \$1,500, for facilities with a full-time equivalence of more than ten.

83.21 The registration fee must be paid on or before October 18 or the owner or operator  
 83.22 of a dry cleaning facility may elect to pay the fee in equal installments. Installment  
 83.23 payments must be paid on or before October 18, on or before January 18, on or before  
 83.24 April 18, and on or before June 18. All payments made after October 18 bear interest  
 83.25 at the rate specified in section 270C.40.

83.26 (b) A person who sells dry cleaning solvents for use by dry cleaning facilities in  
 83.27 the state shall collect and remit to the commissioner of revenue in a the same manner  
 83.28 prescribed by the commissioner of revenue, ~~on or before the 20th day of the month~~  
 83.29 ~~following the month in which the sales of dry cleaning solvents are made~~ for the taxes  
 83.30 imposed under chapter 297A, a fee of:

83.31 (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities  
 83.32 in the state;

83.33 (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use  
 83.34 by dry cleaning facilities in the state; and

84.1 (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry  
84.2 cleaning facilities in the state.

84.3 (c) The audit, assessment, appeal, collection, enforcement, and administrative  
84.4 provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To  
84.5 enforce this subdivision, the commissioner of revenue may grant extensions to file returns  
84.6 and pay fees, impose penalties and interest on the annual registration fee under paragraph  
84.7 (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner  
84.8 provided in chapters 270C and 289A. The penalties and interest imposed on taxes under  
84.9 chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected  
84.10 by the commissioner of revenue under this subdivision is governed by chapter 270B.

84.11 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2014.

84.12 Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

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

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

84.18 Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

84.19 Subdivision 1. **To act as State Board of Equalization.** The commissioner of  
84.20 revenue shall have and exercise all the rights, powers and authority by law vested in the  
84.21 State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full  
84.22 power and authority to review, modify, and revise all of the acts and proceedings of the  
84.23 commissioner in so far as they relate to the equalization and valuation of property assessed  
84.24 for taxation, as prescribed by section 270.12.

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

84.26 Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

84.27 Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15  
84.28 and June 30 at the office of the commissioner of revenue and examine and compare the  
84.29 returns of the assessment of the property in the several counties, and equalize the same so  
84.30 that all the taxable property in the state shall be assessed at its market value, subject to  
84.31 the following rules:

85.1 (1) The board shall add to or deduct from the aggregate valuation of the real property  
85.2 of every county, which the board believes to be valued below or above its market value in  
85.3 money, such percent as will bring the same to its market value ~~in money~~;

85.4 ~~(2) The board shall deduct from the aggregate valuation of the real property of every~~  
85.5 ~~county, which the board believes to be valued above its market value in money, such~~  
85.6 ~~percent as will reduce the same to its market value in money;~~

85.7 ~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range  
85.8 of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of  
85.9 any town or district in any county, or the valuation for a part of a class, a class, or classes  
85.10 of the real property of any county not in towns or cities, should be raised or reduced,  
85.11 without raising or reducing the other real property of such county, or without raising or  
85.12 reducing it in the same ratio, the board may add to, or take from, the valuation of a part of  
85.13 a class, a class, or classes in any one or more of such towns or cities, or of the property not  
85.14 in towns or cities, such percent as the board believes will raise or reduce the same to its  
85.15 market value ~~in money~~;

85.16 ~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a  
85.17 class, a class, or classes of personal property of any county, town, or city, which the  
85.18 board believes to be valued below or above the market value thereof, such percent as will  
85.19 raise the same to its market value ~~in money~~;

85.20 ~~(5) The board shall take from the aggregate valuation of any part of a class, a class,~~  
85.21 ~~or classes of personal property in any county, town or city, which the board believes to~~  
85.22 ~~be valued above the market value thereof, such percent as will reduce the same to its~~  
85.23 ~~market value in money;~~

85.24 ~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the  
85.25 state, as returned by the several county auditors, more than one percent on the whole  
85.26 valuation thereof;

85.27 ~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any  
85.28 county auditor to furnish statements showing assessments of real and personal property  
85.29 of any individuals, firms, or corporations within the county. The board shall consider  
85.30 and equalize such assessments and may increase the assessment of individuals, firms, or  
85.31 corporations above the amount returned by the county board of equalization when it shall  
85.32 appear to be undervalued, first giving notice to such persons of the intention of the board  
85.33 so to do, which notice shall fix a time and place of hearing. The board shall not decrease  
85.34 any such assessment below the valuation placed by the county board of equalization;

85.35 ~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month  
85.36 assessment/sales ratio study conducted by the Department of Revenue containing only

86.1 sales that are filed in the county auditor's office under section 272.115, by November 1 of  
 86.2 the previous year and that occurred between October 1 of the year immediately preceding  
 86.3 the previous year and September 30 of the previous year.

86.4 The assessment/sales ratio study may separate the values of residential property  
 86.5 into market value categories. The board may adjust the market value categories and the  
 86.6 number of categories as necessary to create an adequate sample size for each market value  
 86.7 category. The board may determine the adequate sample size. To the extent practicable,  
 86.8 the methodology used in preparing the assessment/sales ratio study must be consistent  
 86.9 with the most recent Standard on Assessment Sales Ratio Studies published by the  
 86.10 Assessment Standards Committee of the International Association of Assessing Officers.  
 86.11 The board may determine the geographic area used in preparing the study to accurately  
 86.12 equalize values. A sales ratio study separating residential property into market value  
 86.13 categories may not be used as the basis for a petition under chapter 278.

86.14 The sales prices used in the study must be discounted for terms of financing. The  
 86.15 board shall use the median ratio as the statistical measure of the level of assessment for  
 86.16 any particular category of property; and

86.17 ~~(9)~~ (7) The board shall receive from each county the estimated market values on the  
 86.18 assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a  
 86.19 medium as prescribed by the commissioner of revenue.

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

86.21 Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

86.22 Subd. 4. **Public utility property.** For purposes of equalization only, public utility  
 86.23 personal property shall be treated as a separate class of property ~~notwithstanding the fact~~  
 86.24 ~~that its class rate is the same as commercial-industrial property.~~

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

86.26 Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

86.27 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined  
 86.28 by section 14.02, subdivision 2, the regents of the University of Minnesota, any district  
 86.29 court of the state, any county, any statutory or home rule charter city, including a city that  
 86.30 is presenting a claim for a municipal hospital or a public library or a municipal ambulance  
 86.31 service, a hospital district, a private nonprofit hospital that leases its building from the  
 86.32 county or city in which it is located, any ambulance service licensed under chapter 144E,  
 86.33 any public agency responsible for child support enforcement, any public agency responsible

87.1 for the collection of court-ordered restitution, and any public agency established by  
 87.2 general or special law that is responsible for the administration of a low-income housing  
 87.3 program, and the Minnesota collection enterprise as defined in section 16D.02, subdivision  
 87.4 8, for the purpose of collecting the costs imposed under section 16D.11.

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

87.6 Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

87.7 Subd. 3. **Administration of enterprise, and job opportunity, and biotechnology**  
 87.8 **and health sciences industry zone programs.** The commissioner may disclose return  
 87.9 information relating to the taxes imposed by chapters 290 and 297A to the Department of  
 87.10 Employment and Economic Development or a municipality with a border city enterprise  
 87.11 zone as defined under section 469.166, but only as necessary to administer the funding  
 87.12 limitations under section 469.169, or to the Department of Employment and Economic  
 87.13 Development and appropriate officials from the local government units in which a  
 87.14 qualified business is located but only as necessary to enforce the job opportunity building  
 87.15 zone benefits under section 469.315, or biotechnology and health sciences industry zone  
 87.16 benefits under section 469.336.

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

87.18 Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

87.19 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

87.20 The commissioner of revenue shall establish a means of electronically notifying  
 87.21 persons holding a sales tax permit under section 297A.84 of any statutory change in  
 87.22 chapter 297A and any issuance or change in any administrative rule, revenue notice, or  
 87.23 sales tax fact sheet or other written information provided by the department explaining the  
 87.24 interpretation or administration of the tax imposed under that chapter. The notification  
 87.25 must indicate the basic subject of the statute, rule, fact sheet, or other material and provide  
 87.26 an electronic link to the material. Any person holding a sales tax permit that provides  
 87.27 an electronic address to the department must receive these notifications unless they  
 87.28 specifically request electronically, or in writing, to be removed from the notification list.  
 87.29 This requirement does not replace traditional means of notifying the general public or  
 87.30 persons without access to electronic communications of changes in the sales tax law. ~~The~~  
 87.31 ~~electronic notification must begin no later than December 31, 2009.~~

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

88.1 Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

88.2 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the  
88.3 commissioner together with interest and penalty thereon, if any, has not been paid, the  
88.4 commissioner may extend the time for payment for a further period. When the authority  
88.5 of this section is invoked, the extension shall be evidenced by written agreement signed by  
88.6 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,  
88.7 if any, and providing for the payment of the amount in installments.

88.8 (b) The agreement may contain a confession of judgment for the amount and for any  
88.9 unpaid portion thereof. If the agreement contains a confession of judgment, the confession  
88.10 of judgment must provide that the commissioner may enter judgment against the taxpayer  
88.11 in the district court of the county of residence as shown upon the taxpayer's tax return for  
88.12 the unpaid portion of the amount specified in the extension agreement.

88.13 (c) The agreement shall provide that it can be terminated, after notice by the  
88.14 commissioner, if information provided by the taxpayer prior to the agreement was  
88.15 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,  
88.16 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed  
88.17 to make a payment due under the agreement, or the taxpayer has failed to pay any other  
88.18 tax or file a tax return coming due after the agreement.

88.19 (d) The notice must be given at least 14 calendar days prior to termination, and shall  
88.20 advise the taxpayer of the right to request a reconsideration from the commissioner of  
88.21 whether termination is reasonable and appropriate under the circumstances. A request for  
88.22 reconsideration does not stay collection action beyond the 14-day notice period. If the  
88.23 commissioner has reason to believe that collection of the tax covered by the agreement  
88.24 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the  
88.25 agreement without regard to the 14-day period.

88.26 (e) The commissioner may accept other collateral the commissioner considers  
88.27 appropriate to secure satisfaction of the tax liability. The principal sum specified in the  
88.28 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions  
88.29 thereof until the same has been fully paid or the unpaid portion thereof has been entered as  
88.30 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

88.31 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess  
88.32 of the amount actually owing by the taxpayer, the extension agreement or the judgment  
88.33 entered pursuant thereto shall be corrected. If after making the extension agreement  
88.34 or entering judgment with respect thereto, the commissioner determines that the tax as  
88.35 reported by the taxpayer is less than the amount actually due, the commissioner shall  
88.36 assess a further tax in accordance with the provisions of law applicable to the tax.

89.1 (g) The authority granted to the commissioner by this section is in addition to any  
89.2 other authority granted to the commissioner by law to extend the time of payment or the  
89.3 time for filing a return and shall not be construed in limitation thereof.

89.4 (h) The commissioner shall charge a fee for entering into payment agreements ~~that~~  
89.5 ~~reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at  
89.6 \$50 and is charged for entering into a payment agreement, for entering into a new payment  
89.7 agreement after the taxpayer has defaulted on a prior agreement, and for entering into a  
89.8 new payment agreement as a result of renegotiation of the terms of an existing agreement.  
89.9 The fee is paid to the commissioner before the payment agreement becomes effective and  
89.10 does not reduce the amount of the liability.

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

89.12 Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

89.13 Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and~~  
89.14 ~~all personal property of persons residing therein, including the property of corporations,~~  
89.15 ~~banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other  
89.16 property as is by law exempt from taxation.

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

89.18 Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

89.19 Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

89.20 (a) Federal property for which payments are made in lieu of taxes in amounts  
89.21 equivalent to taxes which might otherwise be lawfully assessed;

89.22 (b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is  
89.23 leased, loaned, or otherwise made available to telephone companies or electric, light  
89.24 and power companies upon which personal property consisting of transmission and  
89.25 distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40  
89.26 and 273.41, or upon which are situated the communication lines of express, railway, or  
89.27 telephone ~~or telegraph~~ companies, or pipelines used for the transmission and distribution  
89.28 of petroleum products, or the equipment items of a cable communications company  
89.29 subject to sections 238.35 to 238.42;

89.30 (c) Property presently owned by any educational institution chartered by the  
89.31 territorial legislature;

89.32 (d) Indian lands;

90.1 (e) Property of any corporation organized as a tribal corporation under the Indian  
90.2 Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

90.3 (f) Real property owned by the state and leased pursuant to section 161.23 or  
90.4 161.431, and acts amendatory thereto;

90.5 (g) Real property owned by a seaway port authority on June 1, 1967, upon which  
90.6 there has been constructed docks, warehouses, tank farms, administrative and maintenance  
90.7 buildings, railroad and ship terminal facilities and other maritime and transportation  
90.8 facilities or those directly related thereto, together with facilities for the handling of  
90.9 passengers and baggage and for the handling of freight and bulk liquids, and personal  
90.10 property owned by a seaway port authority used or usable in connection therewith, when  
90.11 said property is leased to a private individual, association or corporation, but only when  
90.12 such lease provides that the said facilities are available to the public for the loading and  
90.13 unloading of passengers and their baggage and the handling, storage, care, shipment,  
90.14 and delivery of merchandise, freight and baggage and other maritime and transportation  
90.15 activities and functions directly related thereto, but not including property used for grain  
90.16 elevator facilities; it being the declared policy of this state that such property when  
90.17 so leased is public property used exclusively for a public purpose, notwithstanding the  
90.18 one-year limitation in the provisions of section 273.19;

90.19 (h) Notwithstanding the provisions of clause (g), when the annual rental received by  
90.20 a seaway port authority in any calendar year for such leased property exceeds an amount  
90.21 reasonably required for administrative expense of the authority per year, plus promotional  
90.22 expense for the authority not to exceed the sum of \$100,000 per year, to be expended  
90.23 when and in the manner decided upon by the commissioners, plus an amount sufficient to  
90.24 pay all installments of principal and interest due, or to become due, during such calendar  
90.25 year and the next succeeding year on any revenue bonds issued by the authority, plus  
90.26 25 percent of the gross annual rental to be retained by the authority for improvement,  
90.27 development, or other contingencies, the authority shall make a payment in lieu of real  
90.28 and personal property taxes of a reasonable portion of the remaining annual rental to the  
90.29 county treasurer of the county in which such seaway port authority is principally located.  
90.30 Any such payments to the county treasurer shall be disbursed by the treasurer on the same  
90.31 basis as real estate taxes are divided among the various governmental units, but if such  
90.32 port authority shall have received funds from the state of Minnesota and funds from any  
90.33 city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory  
90.34 thereof, then such disbursement by the county treasurer shall be on the same basis as real  
90.35 estate taxes are divided among the various governmental units, except that the portion of

91.1 such payments which would otherwise go to other taxing units shall be divided equally  
 91.2 among the state of Minnesota and said county and city.

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

91.4 Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

91.5 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned  
 91.6 by the state of Minnesota or any political subdivision thereof, and property exempt from  
 91.7 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the  
 91.8 times provided in subdivision 3, a taxpayer claiming an exemption from taxation on  
 91.9 property described in section 272.02, subdivisions ~~1~~ 2 to 33, must file a statement of  
 91.10 exemption with the assessor of the assessment district in which the property is located.

91.11 (b) A taxpayer claiming an exemption from taxation on property described in section  
 91.12 272.02, subdivision 10, must file a statement of exemption with the commissioner of  
 91.13 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

91.14 (c) In case of sickness, absence or other disability or for good cause, the assessor  
 91.15 or the commissioner may extend the time for filing the statement of exemption for a  
 91.16 period not to exceed 60 days.

91.17 (d) The commissioner of revenue shall prescribe the form and contents of the  
 91.18 statement of exemption.

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

91.20 Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

91.21 Subdivision 1. **Electricity generated to produce goods and services.** Personal  
 91.22 property used to generate electric power is exempt from property taxation if the electric  
 91.23 power is used to manufacture or produce goods, products, or services, other than electric  
 91.24 power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2~~  
 91.25 ~~and 3,~~ The exemption does not apply to property used to produce electric power for sale  
 91.26 to others and does not apply to real property. In determining the value subject to tax,  
 91.27 a proportionate share of the value of the generating facilities, equal to the proportion  
 91.28 that the power sold to others bears to the total generation of the plant, is subject to the  
 91.29 general property tax in the same manner as other property. Power generated in such a  
 91.30 plant and exchanged for an equivalent amount of power that is used for the manufacture or  
 91.31 production of goods, products, or services other than electric power by the owner of the  
 91.32 generating plant is considered to be used by the owner of the plant.

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

92.1 Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

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

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

92.10 Sec. 25. Minnesota Statutes 2013 Supplement, section 273.032, is amended to read:

92.11 **273.032 MARKET VALUE DEFINITION.**

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

92.19 (1) the market value exclusions under:

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

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

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

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

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

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

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

92.29 (2) the deferment of value under:

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

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

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

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

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

93.1 (3) the adjustments to tax capacity for:

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

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

93.4 (iii) powerline credit under section 273.425.

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

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

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

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

93.19 Sec. 26. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

93.20 Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and  
93.21 clerical help, shall be fixed by the board of county commissioners and shall be payable in  
93.22 monthly installments out of the general revenue fund of the county. ~~In counties with a~~  
93.23 ~~population of less than 50,000 inhabitants, according to the then last preceding federal~~  
93.24 ~~census, the board of county commissioners shall not fix the salary of the county assessor at~~  
93.25 ~~an amount below the following schedule:~~

93.26 ~~In counties with a population of less than 6,500, \$5,900;~~

93.27 ~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~

93.28 ~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~

93.29 ~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~

93.30 ~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~

93.31 ~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~

93.32 ~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~

93.33 ~~In counties with a population of 50,000 or more, \$8,300.~~

93.34 In addition to their salaries, the county assessor and assistants shall be allowed their  
93.35 expenses for reasonable and necessary travel in the performance of their duties, including

94.1 necessary travel, lodging and meal expense incurred by them while attending meetings of  
 94.2 instructions or official hearings called by the commissioner of revenue. These expenses  
 94.3 shall be payable out of the general revenue fund of the county, and shall be allowed on the  
 94.4 same basis as such expenses are allowed to other county officers.

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

94.6 Sec. 27. Minnesota Statutes 2012, section 273.10, is amended to read:

94.7 **273.10 SCHOOL DISTRICTS.**

94.8 When assessing personal property the county assessor shall designate the number of  
 94.9 the school district in which each person assessed is liable for tax, ~~by writing the number~~  
 94.10 ~~of the district opposite each assessment in a column provided for that purpose in the~~  
 94.11 ~~assessment book.~~ When the personal property of any person is assessable in several  
 94.12 school districts, the amount in each shall be assessed separately, and the name of the  
 94.13 owner placed opposite each amount.

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

94.15 Sec. 28. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

94.16 Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995~~  
 94.17 ~~assessment,~~ Only accredited assessors or senior accredited assessors or other licensed  
 94.18 assessors who have successfully completed at least two income-producing property  
 94.19 appraisal courses may value income-producing property for ad valorem tax purposes.  
 94.20 "Income-producing property" as used in this subdivision means the taxable property in  
 94.21 class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal  
 94.22 recreational property not used for commercial purposes; and class 5 in section 273.13,  
 94.23 subdivision 31. "Income-producing property" includes any property in class 4e in section  
 94.24 273.13, subdivision 25, that would be income-producing property under the definition in  
 94.25 this subdivision if it were not substandard. "Income-producing property appraisal course"  
 94.26 as used in this subdivision means a course of study of approximately 30 instructional  
 94.27 hours, with a final comprehensive test. An assessor must successfully complete the final  
 94.28 examination for each of the two required courses. The course must be approved by the  
 94.29 board of assessors.

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

94.31 Sec. 29. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

95.1 Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall  
95.2 develop and issue guidelines for qualification by private golf clubs under this section  
95.3 covering the access to and use of the golf course by members and other adults so as to be  
95.4 consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to~~  
95.5 ~~the county attorney and assessor of each county not later than 60 days following May 26,~~  
95.6 ~~1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor~~  
95.7 ~~shall mail a copy of the guidelines to each golf club in the county.~~

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

95.9 Sec. 30. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2,  
95.10 is amended to read:

95.11 Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the  
95.12 Department of Revenue must use a methodology consistent with the most recent Standard  
95.13 on Assessment Ratio Studies published by the assessment standards committee of the  
95.14 International Association of Assessing Officers. The commissioner of revenue shall  
95.15 supplement this general methodology with specific procedures necessary for execution of  
95.16 the study in accordance with other Minnesota laws impacting the assessment/sales ratio  
95.17 study. The commissioner shall document these specific procedures in writing and shall  
95.18 publish the procedures in the State Register, but these procedures will not be considered  
95.19 "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and  
95.20 the purchaser changes its use in a manner that would result in a change of classification of  
95.21 the property, the assessment sales ratio study under this subdivision must take into account  
95.22 that changed classification as soon as practicable. A change in status from homestead to  
95.23 nonhomestead or from nonhomestead to homestead is not a change under this subdivision.  
95.24 For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05,  
95.25 subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio  
95.26 study the sale of any nonagricultural property which does not contain an improvement,  
95.27 if (1) the statutory basis on which the property's taxable value as most recently assessed  
95.28 is less than market value as defined in section 273.11, or (2) the property has undergone  
95.29 significant physical change or a change of use since the most recent assessment.

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

95.31 Sec. 31. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 3,  
95.32 is amended to read:

96.1 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each  
 96.2 taxing district within each unique taxing jurisdiction is the amount certified for taxes  
 96.3 payable in the prior year ~~shall be multiplied by the ratio of (1) the jurisdiction's tax~~  
 96.4 ~~capacity using the class rates for taxes payable in the year for which aid is being computed,~~  
 96.5 ~~to (2) its tax capacity using the class rates for taxes payable in the year prior to that for~~  
 96.6 ~~which aid is being computed, both based upon taxable market values for taxes payable in~~  
 96.7 ~~the year prior to that for which aid is being computed. If the commissioner determines~~  
 96.8 ~~that insufficient information is available to reasonably and timely calculate the numerator~~  
 96.9 ~~in this ratio for the first taxes payable year that a class rate change or new class rate is~~  
 96.10 ~~effective, the commissioner shall omit the effects of that class rate change or new class~~  
 96.11 ~~rate when calculating this ratio for aid payable in that taxes payable year. For aid payable~~  
 96.12 ~~in the year following a year for which such omission was made, the commissioner shall~~  
 96.13 ~~use in the denominator for the class that was changed or created, the tax capacity for taxes~~  
 96.14 ~~payable two years prior to that in which the aid is payable, based on taxable market values~~  
 96.15 ~~for taxes payable in the year prior to that for which aid is being computed.~~

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

96.17 Sec. 32. Minnesota Statutes 2012, section 273.18, is amended to read:

96.18 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT**  
 96.19 **PROPERTY BY COUNTY AUDITORS.**

96.20 (a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in~~  
 96.21 ~~a separate place in the real estate assessment books,~~ the description of each tract of real  
 96.22 property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the  
 96.23 assessor shall value and assess the same in the same manner that other real property is  
 96.24 valued and assessed, and shall designate in each case the purpose for which the property is  
 96.25 used.

96.26 (b) For purposes of the apportionment of fire state aid under section 69.021,  
 96.27 subdivision 7, the county auditor shall include on the abstract of assessment of exempt real  
 96.28 property filed under this section, the total number of acres of all natural resources lands for  
 96.29 which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall  
 96.30 estimate its market value, provided that if the assessor is not able to estimate the market  
 96.31 value of the land on a per parcel basis, the assessor shall furnish the commissioner of  
 96.32 revenue with an estimate of the average value per acre of this land within the county.

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

97.1 Sec. 33. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

97.2 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town  
97.3 board of a town, or the council or other governing body of a city, is the board of appeal  
97.4 and equalization except (1) in cities whose charters provide for a board of equalization or  
97.5 (2) in any city or town that has transferred its local board of review power and duties to  
97.6 the county board as provided in subdivision 3. The county assessor shall fix a day and  
97.7 time when the board or the board of equalization shall meet in the assessment districts  
97.8 of the county. Notwithstanding any law or city charter to the contrary, a city board of  
97.9 equalization shall be referred to as a board of appeal and equalization. On or before  
97.10 February 15 of each year the assessor shall give written notice of the time to the city or  
97.11 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings  
97.12 must be held between April 1 and May 31 each year. The clerk shall give published and  
97.13 posted notice of the meeting at least ten days before the date of the meeting.

97.14 The board shall meet at the office of the clerk to review the assessment and  
97.15 classification of property in the town or city. No changes in valuation or classification  
97.16 which are intended to correct errors in judgment by the county assessor may be made by  
97.17 the county assessor after the board has adjourned in those cities or towns that hold a  
97.18 local board of review; however, corrections of errors that are merely clerical in nature or  
97.19 changes that extend homestead treatment to property are permitted after adjournment until  
97.20 the tax extension date for that assessment year. The changes must be fully documented and  
97.21 maintained in the assessor's office and must be available for review by any person. A copy  
97.22 of the changes made during this period in those cities or towns that hold a local board of  
97.23 review must be sent to the county board no later than December 31 of the assessment year.

97.24 (b) The board shall determine whether the taxable property in the town or city has  
97.25 been properly placed on the list and properly valued by the assessor. If real or personal  
97.26 property has been omitted, the board shall place it on the list with its market value, and  
97.27 correct the assessment so that each tract or lot of real property, and each article, parcel,  
97.28 or class of personal property, is entered on the assessment list at its market value. No  
97.29 assessment of the property of any person may be raised unless the person has been  
97.30 duly notified of the intent of the board to do so. On application of any person feeling  
97.31 aggrieved, the board shall review the assessment or classification, or both, and correct  
97.32 it as appears just. The board may not make an individual market value adjustment or  
97.33 classification change that would benefit the property if the owner or other person having  
97.34 control over the property has refused the assessor access to inspect the property and the  
97.35 interior of any buildings or structures as provided in section 273.20. A board member  
97.36 shall not participate in any actions of the board which result in market value adjustments

98.1 or classification changes to property owned by the board member, the spouse, parent,  
98.2 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,  
98.3 or niece of a board member, or property in which a board member has a financial interest.  
98.4 The relationship may be by blood or marriage.

98.5 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
98.6 reductions must not reduce the aggregate assessment made by the county assessor by more  
98.7 than one percent. If the total reductions would lower the aggregate assessments made by  
98.8 the county assessor by more than one percent, none of the adjustments may be made. The  
98.9 assessor shall correct any clerical errors or double assessments discovered by the board  
98.10 without regard to the one percent limitation.

98.11 (d) A local board does not have authority to grant an exemption or to order property  
98.12 removed from the tax rolls.

98.13 (e) A majority of the members may act at the meeting, and adjourn from day to day  
98.14 until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment~~  
98.15 ~~books and papers,~~ and take part in the proceedings, but must not vote. The county assessor,  
98.16 or an assistant delegated by the county assessor shall attend the meetings. The board shall  
98.17 list separately, ~~on a form appended to the assessment book,~~ all omitted property added  
98.18 to the list by the board and all items of property increased or decreased, with the market  
98.19 value of each item of property, added or changed by the board, ~~placed opposite the item.~~  
98.20 The county assessor shall enter all changes made by the board ~~in the assessment book.~~

98.21 (f) Except as provided in subdivision 3, if a person fails to appear in person, by  
98.22 counsel, or by written communication before the board after being duly notified of the  
98.23 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an  
98.24 assessment or classification fails to apply for a review of the assessment or classification,  
98.25 the person may not appear before the county board of appeal and equalization for a review  
98.26 ~~of the assessment or classification.~~ This paragraph does not apply if an assessment was  
98.27 made after the local board meeting, as provided in section 273.01, or if the person can  
98.28 establish not having received notice of market value at least five days before the local  
98.29 board meeting.

98.30 (g) The local board must complete its work and adjourn within 20 days from the  
98.31 time of convening stated in the notice of the clerk, unless a longer period is approved by  
98.32 the commissioner of revenue. No action taken after that date is valid. All complaints  
98.33 about an assessment or classification made after the meeting of the board must be heard  
98.34 and determined by the county board of equalization. A nonresident may, at any time,  
98.35 before the meeting of the board file written objections to an assessment or classification

99.1 with the county assessor. The objections must be presented to the board at its meeting by  
 99.2 the county assessor for its consideration.

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

99.4 Sec. 34. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

99.5 Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including~~  
 99.6 ~~a city whose charter provides for a board of equalization,~~ may appoint a special board of  
 99.7 review. The city may delegate to the special board of review all of the powers and duties  
 99.8 in subdivision 1. The special board of review shall serve at the direction and discretion  
 99.9 of the appointing body, subject to the restrictions imposed by law. The appointing body  
 99.10 shall determine the number of members of the board, the compensation and expenses to be  
 99.11 paid, and the term of office of each member. At least one member of the special board  
 99.12 of review must be an appraiser, realtor, or other person familiar with property valuations  
 99.13 in the assessment district.

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

99.15 Sec. 35. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

99.16 Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county~~  
 99.17 ~~auditor shall compute the gross tax capacity for each parcel according to the class rates~~  
 99.18 ~~specified in section 273.13. The gross tax capacity will be the appropriate class rate~~  
 99.19 ~~multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~  
 99.20 The county auditor shall compute the net tax capacity for each parcel according to the  
 99.21 class rates specified in section 273.13. The net tax capacity will be the appropriate class  
 99.22 rate multiplied by the parcel's market value.

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

99.24 Sec. 36. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

99.25 Subd. 1d. **Additional adjustment.** If, after computing each local government's  
 99.26 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the  
 99.27 auditor finds that the total adjusted local tax rate of all local governments combined is  
 99.28 ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net~~  
 99.29 ~~tax capacity for taxes payable in 1990 and thereafter,~~ the auditor shall increase each local  
 99.30 government's adjusted local tax rate proportionately so the total adjusted local tax rate of  
 99.31 all local governments combined equals 90 percent. The total amount of the increase in  
 99.32 tax resulting from the increased local tax rates must not exceed the amount of disparity

100.1 aid allocated to the unique taxing district under section 273.1398. The auditor shall  
100.2 certify to the Department of Revenue the difference between the disparity aid originally  
100.3 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce  
100.4 the total adjusted local tax rate of all local governments combined to 90 percent. Each  
100.5 local government's disparity reduction aid payment under section 273.1398, subdivision  
100.6 6, must be reduced accordingly.

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

100.8 Sec. 37. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is  
100.9 amended to read:

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

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

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

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

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

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

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

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

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

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

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

101.1 (7) to pay the expenses reasonably and necessarily incurred in preparing for or  
101.2 repairing the effects of natural disaster including the occurrence or threat of widespread  
101.3 or severe damage, injury, or loss of life or property resulting from natural causes, in  
101.4 accordance with standards formulated by the Emergency Services Division of the state  
101.5 Department of Public Safety, as allowed by the commissioner of revenue under section  
101.6 275.74, subdivision 2;

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

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

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

101.15 (11) to pay the operating or maintenance costs of a county jail as authorized in section  
101.16 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,  
101.17 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue  
101.18 that the amount has been included in the county budget as a direct result of a rule, minimum  
101.19 requirement, minimum standard, or directive of the Department of Corrections, or to pay  
101.20 the operating or maintenance costs of a regional jail as authorized in section 641.262. For  
101.21 purposes of this clause, a district court order is not a rule, minimum requirement, minimum  
101.22 standard, or directive of the Department of Corrections. If the county utilizes this special  
101.23 levy, except to pay operating or maintenance costs of a new regional jail facility under  
101.24 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount  
101.25 levied by the county in the previous levy year for the purposes specified under this clause  
101.26 and included in the county's previous year's levy limitation computed under section  
101.27 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,  
101.28 when determining the county's current year levy limitation. The county shall provide the  
101.29 necessary information to the commissioner of revenue for making this determination;

101.30 (12) to pay for operation of a lake improvement district, as authorized under section  
101.31 103B.555. If the county utilizes this special levy, any amount levied by the county in the  
101.32 previous levy year for the purposes specified under this clause and included in the county's  
101.33 previous year's levy limitation computed under section 275.71 shall be deducted from  
101.34 the levy limit base under section 275.71, subdivision 2, when determining the county's  
101.35 current year levy limitation. The county shall provide the necessary information to the  
101.36 commissioner of revenue for making this determination;

102.1 (13) to repay a state or federal loan used to fund the direct or indirect required  
102.2 spending by the local government due to a state or federal transportation project or other  
102.3 state or federal capital project. This authority may only be used if the project is not a  
102.4 local government initiative;

102.5 ~~(14) to pay for court administration costs as required under section 273.1398,~~  
102.6 ~~subdivision 4b, less the (i) county's share of transferred fines and fees collected by the~~  
102.7 ~~district courts in the county for calendar year 2001 and (ii) the aid amount certified to be~~  
102.8 ~~paid to the county in 2004 under section 273.1398, subdivision 4e; however, for taxes~~  
102.9 ~~levied to pay for these costs in the year in which the court financing is transferred to the~~  
102.10 ~~state, the amount under this clause is limited to the amount of aid the county is certified to~~  
102.11 ~~receive under section 273.1398, subdivision 4a;~~

102.12 ~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013,  
102.13 chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the  
102.14 amount levied for this purpose in 2001;

102.15 ~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

102.16 ~~(17)~~ (16) to pay for the maintenance and support of a city or county society for  
102.17 the prevention of cruelty to animals under section 343.11, but not to exceed in any year  
102.18 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most  
102.19 recent federal census, whichever is greater. If the city or county uses this special levy, any  
102.20 amount levied by the city or county in the previous levy year for the purposes specified  
102.21 in this clause and included in the city's or county's previous year's levy limit computed  
102.22 under section 275.71, must be deducted from the levy limit base under section 275.71,  
102.23 subdivision 2, in determining the city's or county's current year levy limit;

102.24 ~~(18)~~ (17) for counties, to pay for the increase in their share of health and human  
102.25 service costs caused by reductions in federal health and human services grants effective  
102.26 after September 30, 2007;

102.27 ~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing,  
102.28 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by  
102.29 the commissioner of revenue under section 275.74, subdivision 2. A city must have either  
102.30 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in  
102.31 the city or in a zip code area of the city that is at least 50 percent higher than the average  
102.32 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,  
102.33 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the  
102.34 number of foreclosures, as indicated by sheriff sales records, divided by the number of  
102.35 households in the city in 2007;

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

103.4 ~~(21)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire  
 103.5 personnel. If a local governmental unit did not use this special levy in the previous year its  
 103.6 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it  
 103.7 levied for the purposes specified in this clause in the previous year;

103.8 ~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit  
 103.9 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,  
 103.10 due to unallotment under section 16A.152 or reductions under another provision of law.  
 103.11 The amount of the levy allowed under this clause for each year is limited to the amount  
 103.12 unallotted or reduced from the aids and credit reimbursements certified for payment in the  
 103.13 year following the calendar year in which the tax levy is certified unless the unallotment  
 103.14 or reduction amount is not known by September 1 of the levy certification year, and  
 103.15 the local government has not adjusted its levy under section 275.065, subdivision 6, or  
 103.16 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied  
 103.17 in the following year;

103.18 ~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex  
 103.19 offenders undergoing the civil commitment process and any state payments for this  
 103.20 purpose pursuant to section 253D.12;

103.21 ~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating  
 103.22 a new facility or new expansion, either of which contains courts, corrections, dispatch,  
 103.23 criminal investigation labs, or other public safety facilities and for which all or a portion  
 103.24 of the funding for the site acquisition, building design, site preparation, construction, and  
 103.25 related equipment was issued or authorized prior to the imposition of levy limits ~~in 2008~~.  
 103.26 The levy limit base shall then be increased by an amount equal to the new facility's first  
 103.27 full year's operating costs as described in this clause; and

103.28 ~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements  
 103.29 under section 273.1384 for credits payable in the year in which the levy is payable.

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

103.31 Sec. 38. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

103.32 Subd. 2. **Authorization for special levies.** (a) A local governmental unit may  
 103.33 request authorization to levy for unreimbursed costs for natural disasters under section  
 103.34 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to  
 103.35 levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by

104.1 September 30 of the levy year and the request must include information documenting the  
104.2 estimated unreimbursed costs. The commissioner of revenue may grant levy authority,  
104.3 up to the amount requested based on the documentation submitted. All decisions of the  
104.4 commissioner are final.

104.5 (b) A city may request authorization to levy for reasonable and necessary costs for  
104.6 securing, maintaining, or demolishing foreclosed or abandoned residential properties under  
104.7 section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a  
104.8 request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner  
104.9 of revenue by September 30 of the levy year and the request must include information  
104.10 documenting the estimated costs. For taxes payable in 2009, the amount may include  
104.11 unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs  
104.12 of securing foreclosed or abandoned residential properties include payment for police and  
104.13 fire department services. The commissioner of revenue may grant levy authority, up to the  
104.14 lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000  
104.15 multiplied by the number of foreclosed residential properties, as defined by sheriff sales  
104.16 records, in calendar year 2007. All decisions of the commissioner are final.

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

104.18 Sec. 39. Minnesota Statutes 2012, section 275.75, is amended to read:

104.19 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

104.20 Notwithstanding any other provision of a municipal charter that limits ad valorem  
104.21 taxes to a lesser amount, or that would require voter approval for any increase, the  
104.22 governing body of a municipality may by resolution increase its levy in any year by an  
104.23 amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22)~~ and  
104.24 ~~(25)~~ (20) and (23).

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

104.26 Sec. 40. Minnesota Statutes 2012, section 279.03, is amended to read:

104.27 **279.03 INTEREST ON DELINQUENT PROPERTY TAXES.**

104.28 Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent~~  
104.29 ~~property taxes levied in 1979 and prior years is fixed at six percent per year until January~~  
104.30 ~~1, 1983. Thereafter interest is payable at the rate determined pursuant to section 549.09.~~  
104.31 ~~The rate of interest on delinquent property taxes levied in 1980 and subsequent years is~~  
104.32 ~~the rate determined pursuant to section 549.09. All provisions of law except section~~  
104.33 ~~549.09 providing for the calculation of interest at any different rate on delinquent taxes in~~

105.1 ~~any notice or proceeding in connection with the payment, collection, sale, or assignment~~  
105.2 ~~of delinquent taxes, or redemption from such sale or assignment are hereby amended~~  
105.3 ~~to correspond herewith. Section 549.09 shall continue in force applies with respect to~~  
105.4 ~~judgments arising out of petitions for review filed pursuant to chapter 278 irrespective of~~  
105.5 ~~the levy year.~~

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

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

105.16 Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b),  
105.17 interest on delinquent property taxes, penalties, and costs unpaid on or after January 1;  
105.18 ~~1991, shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision  
105.19 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten  
105.20 percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under  
105.21 section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change  
105.22 on January 1 of each year.

105.23 (b) If a person is the owner of one or more parcels of property on which taxes are  
105.24 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school  
105.25 district levy, interest on the delinquent property taxes, penalties, and costs unpaid ~~after~~  
105.26 ~~January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for  
105.27 the year.

105.28 Subd. 2. **Composite judgment.** Amounts included in composite judgments  
105.29 authorized by section 279.37, subdivision 1, and confessed ~~on or after July 1, 1982, are~~  
105.30 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~  
105.31 ~~under this authority after December 31, 1990, are subject to interest at the rate calculated~~  
105.32 ~~under subdivision 1a. During each calendar year, interest shall accerue~~ accrues on the  
105.33 unpaid balance of the composite judgment from the time it is confessed until it is paid.  
105.34 The rate of interest is subject to change each year in the same manner ~~that section 549.09~~  
105.35 ~~or as provided in~~ subdivision 1a, ~~whichever is applicable, for rate changes. Interest on the~~

106.1 ~~unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate~~  
106.2 ~~applicable to the judgment at the time that it was confessed.~~

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

106.4 Sec. 41. Minnesota Statutes 2012, section 279.16, is amended to read:

106.5 **279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.**

106.6 Upon the expiration of 20 days from the later of the filing of the affidavit of  
106.7 publication or the filing of the affidavit of mailing pursuant to section 279.131, the  
106.8 court administrator shall enter judgment against each and every such parcel as to which  
106.9 no answer has been filed, which judgment shall include all such parcels, and shall be  
106.10 substantially in the following form:

106.11 State of Minnesota ) District Court,  
106.12 ) ss.  
106.13 County of ..... ) ..... Judicial District.

106.14 In the matter of the proceedings to enforce payment of the taxes on real estate  
106.15 remaining delinquent on the first Monday in January, ....., for the county of .....,  
106.16 state of Minnesota.

106.17 A list of taxes on real property, delinquent on the first Monday in January, ....., for  
106.18 said county of ....., having been duly filed in the office of the court administrator of  
106.19 this court, and the notice and list required by law having been duly published and mailed  
106.20 as required by law, and more than 20 days having elapsed since the last publication of the  
106.21 notice and list, and no answer having been filed by any person, company, or corporation  
106.22 to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged  
106.23 that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the  
106.24 amount set opposite the same, as follows:

106.25 Description. Parcel Number. Amount.

106.26 The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of  
106.27 such parcels of land is liable, is hereby declared a lien upon such parcel of land as against  
106.28 the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every  
106.29 person, company, or corporation; and it is adjudged that, unless the amount to which  
106.30 each of such parcels is liable be paid, each of such parcels be sold, as provided by law,  
106.31 to satisfy the amount to which it is liable.

106.32 Dated this ..... day of ....., .....  
106.33 .....  
106.34 Court Administrator of the District Court,  
106.35 County of .....

107.1 The judgment shall be entered by the court administrator in a book to be kept by  
107.2 the court administrator, to be called the real estate tax judgment book, and signed by the  
107.3 court administrator. ~~The judgment shall be written out on the left-hand pages of the book,~~  
107.4 ~~leaving the right-hand pages blank for the entries in this chapter hereinafter provided; and~~  
107.5 The same presumption in favor of the regularity and validity of the judgment shall be  
107.6 deemed to exist as in respect to judgments in civil actions in such court, except where taxes  
107.7 have been paid before the entry of judgment, or where the land is exempt from taxation, in  
107.8 which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

107.10 Sec. 42. Minnesota Statutes 2012, section 279.23, is amended to read:

107.11 **279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.**

107.12 When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~  
107.13 deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of  
107.14 such judgment, ~~which shall be written on the left-hand pages of the book, leaving the~~  
107.15 ~~right-hand pages blank.~~

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

107.17 Sec. 43. Minnesota Statutes 2012, section 279.25, is amended to read:

107.18 **279.25 PAYMENT BEFORE JUDGMENT.**

107.19 Before sale any person may pay the amount adjudged against any parcel of land.  
107.20 If payment is made before entry of judgment, and the delinquent list has been filed with  
107.21 the court administrator, the county auditor shall immediately certify such payment to the  
107.22 court administrator, who shall note the same on such delinquent list; and all proceedings  
107.23 pending against such parcel shall thereupon be discontinued. If payment is made after  
107.24 judgment is entered and before sale, the auditor shall certify such payment to the clerk,  
107.25 who, upon production of such certificate and the payment of a fee of ten cents, shall enter  
107.26 ~~on the right-hand page of the real estate tax judgment book, and opposite the description~~  
107.27 ~~of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make  
107.28 proper records of all payments made under this section.

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

107.30 Sec. 44. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is  
107.31 amended to read:

108.1           Subd. 2. **Installment payments.** The owner of any such parcel, or any person to  
 108.2 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
 108.3 make and file with the county auditor of the county in which the parcel is located a written  
 108.4 offer to pay the current taxes each year before they become delinquent, or to contest the  
 108.5 taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree  
 108.6 to confess judgment for the amount provided, as determined by the county auditor. By  
 108.7 filing the offer, the owner waives all irregularities in connection with the tax proceedings  
 108.8 affecting the parcel and any defense or objection which the owner may have to the  
 108.9 proceedings, and also waives the requirements of any notice of default in the payment of  
 108.10 any installment or interest to become due pursuant to the composite judgment to be so  
 108.11 entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i)  
 108.12 tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and  
 108.13 (ii) tender all current year taxes and penalty due at the time the confession of judgment is  
 108.14 entered. In the offer, the owner shall agree to pay the balance in nine equal installments,  
 108.15 with interest as provided in section 279.03, payable annually on installments remaining  
 108.16 unpaid from time to time, on or before December 31 of each year following the year in  
 108.17 which judgment was confessed. The offer must be substantially as follows:

108.18           "To the court administrator of the district court of ..... county, I, .....,  
 108.19 am the owner of the following described parcel of real estate located in .....  
 108.20 county, Minnesota:

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

108.34           Dated ....., ....."

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

109.1 Sec. 45. Minnesota Statutes 2012, section 280.001, is amended to read:

109.2 **280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.**

109.3 ~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of  
 109.4 land against which judgment has been entered and remains unsatisfied for the taxes of  
 109.5 the preceding year or years may be sold at public vendue as provided in sections 280.01  
 109.6 and 280.02 by the county auditor but shall be treated in the same manner and regarded in  
 109.7 all respects as land bid in for the state by the auditor in the manner provided in section  
 109.8 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974~~  
 109.9 ~~and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be  
 109.10 issued ~~on the second Monday in May 1974, or thereafter.~~

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

109.12 Sec. 46. Minnesota Statutes 2012, section 280.03, is amended to read:

109.13 **280.03 CERTIFICATE OF SALE.**

109.14 The county auditor shall execute to the purchaser of each parcel a certificate which  
 109.15 may be substantially in the following form:

109.16 "I, ....., auditor of the county of ....., state of Minnesota, do hereby certify that  
 109.17 at the sale of lands pursuant to the real estate tax judgment entered in the district court  
 109.18 in the county of ....., on the ..... day of ....., ....., in proceedings to enforce the  
 109.19 payment of taxes delinquent on real estate for the years ....., for the county of .....,  
 109.20 which sale was held at ....., in said county of ....., on the ..... day of ....., .....,  
 109.21 the following described parcel of land, situate in said county of ....., state of Minnesota:  
 109.22 (insert description), was offered for sale to the bidder who should offer to pay the amount  
 109.23 for which the same was to be sold, at the lowest annual rate of interest on such amount;  
 109.24 and at said sale I did sell the said parcel of land to ..... for the sum of ..... dollars,  
 109.25 with interest at ..... percent per annum on such amount, that being the sum for which the  
 109.26 same was to be sold, and such rate of interest being the lowest rate percent per annum bid  
 109.27 on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and  
 109.28 pursuant to the statute in such case made and provided, convey the said parcel of land, in  
 109.29 fee simple, subject to easements and restrictions of record at the date of the tax judgment  
 109.30 sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric  
 109.31 power lines either by underground cable or conduit or otherwise, sewer and water lines,  
 109.32 highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said .....,  
 109.33 and the heirs and assigns of ....., forever, subject to redemption as provided by law.

109.34 Witness my hand and official seal this ..... day of ....., .....

110.1 .....  
110.2 County Auditor."

110.3 If the land shall not be redeemed as provided in chapter 281, such certificate shall  
110.4 pass to the purchaser an estate therein, in fee simple, without any other act or deed  
110.5 whatever subject to easements and restrictions of record at the date of the tax judgment  
110.6 sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric  
110.7 power lines either by underground cable or conduit or otherwise, sewer and water lines,  
110.8 highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate  
110.9 may be recorded, after the time for redemption shall have expired, as other deeds of real  
110.10 estate, and with like effect. If any purchaser at such sale shall purchase more than one  
110.11 parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

110.13 Sec. 47. Minnesota Statutes 2012, section 280.07, is amended to read:

110.14 **280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.**

110.15 Immediately after such sale the county auditor shall ~~set out in the copy judgment~~  
110.16 ~~book~~ record that all parcels were bid in for the state. The county auditor shall thereupon  
110.17 ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the~~  
110.18 ~~right-hand page of the real estate tax judgment book, opposite the description of each~~  
110.19 ~~parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment~~  
110.20 ~~book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy~~  
110.21 ~~judgment book, opposite the parcel redeemed.~~

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

110.23 Sec. 48. Minnesota Statutes 2012, section 280.11, is amended to read:

110.24 **280.11 LANDS BID IN FOR STATE.**

110.25 At any time after any parcel of land has been bid in for the state, the same not having  
110.26 been redeemed, the county auditor shall assign and convey the same, and all the right of  
110.27 the state therein acquired at such sale, to any person who shall pay the amount for which  
110.28 the same was bid in, with interest at the rate of 12 percent per annum, and the amount of  
110.29 all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same  
110.30 from the time when such taxes became delinquent. The county auditor shall execute to  
110.31 such person a certificate for such parcel, which may be substantially in the following form:

110.32 "I, ....., auditor of the county of ....., state of Minnesota, do hereby certify that  
110.33 at the sale of lands pursuant to the real estate tax judgment entered in the district court



112.1 Such receipts shall be governed by the provisions of this chapter regulating the payment  
 112.2 of current taxes and such payment shall have the effect to annul the sale. If the amount  
 112.3 certified by the auditor and received in payment for redemption be less than that required  
 112.4 by law, it shall not invalidate the redemption. On redemption being made, the auditor shall  
 112.5 ~~enter upon the copy of the tax judgment book, opposite the description of record~~ the  
 112.6 parcel as redeemed, ~~the word, "redeemed."~~

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

112.8 Sec. 50. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

112.9 **281.17 PERIOD FOR REDEMPTION.**

112.10 Except for properties for which the period of redemption has been limited under  
 112.11 sections 281.173 and 281.174, the following periods for redemption apply.

112.12 The period of redemption for all lands sold to the state at a tax judgment sale shall  
 112.13 be three years from the date of sale to the state of Minnesota.

112.14 The period of redemption for homesteaded lands as defined in section 273.13,  
 112.15 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,  
 112.16 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date  
 112.17 of sale. The period of redemption for all lands located in a targeted neighborhood as  
 112.18 defined in Laws 1987, chapter 386, article 6, section 4, except ~~(1)~~ homesteaded lands as  
 112.19 defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning~~  
 112.20 ~~after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted~~  
 112.21 ~~neighborhood on which a notice of lis pendens has been served, and sold to the state at a~~  
 112.22 ~~tax judgment sale~~ is one year from the date of sale.

112.23 The period of redemption for all real property constituting a mixed municipal solid  
 112.24 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is  
 112.25 one year from the date of the sale to the state of Minnesota.

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

112.27 Sec. 51. Minnesota Statutes 2012, section 281.327, is amended to read:

112.28 **281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.**

112.29 Upon the petition of any person interested in the land covered by a real estate tax  
 112.30 sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the  
 112.31 giving of such notice to the holder of such certificate as may be ordered, the district court,  
 112.32 in the proceedings resulting in the judgment upon which a real estate tax judgment sale  
 112.33 certificate, state assignment certificate, or forfeited tax sale certificate is based, may order

113.1 the cancellation of a real estate tax judgment sale certificate, state assignment certificate,  
113.2 or forfeited tax sale certificate upon which notice of expiration of time of redemption  
113.3 has been issued when the certificate or a deed issued thereon has not been recorded in  
113.4 the office of the county recorder or filed in that of the registrar of titles, if the land is  
113.5 registered, within seven years after the date of the issuance of such certificate; the county  
113.6 auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax~~  
113.7 ~~judgment book, opposite the description of the land, "canceled by order of court"~~ record  
113.8 the land as canceled by order of court; and the rights of the holder under the certificate  
113.9 shall thereupon be terminated of record in the office of the county auditor.

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

113.11 Sec. 52. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

113.12 Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the  
113.13 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to  
113.14 the commissioner of revenue such information relating to such sale, on such forms as the  
113.15 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
113.16 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale  
113.17 is on terms; and not later than October 31 of each year the county auditor shall submit  
113.18 to the commissioner of revenue a statement of all instances wherein any payment of  
113.19 principal, interest, or current taxes on lands held under certificate, due or to be paid during  
113.20 the preceding calendar years, are still outstanding at the time such certificate is made.  
113.21 When such statement shows that a purchaser or the purchaser's assignee is in default, the  
113.22 commissioner of revenue may instruct the county board of the county in which the land is  
113.23 located to cancel said certificate of sale in the manner provided by subdivision 5, provided  
113.24 that upon recommendation of the county board, and where the circumstances are such  
113.25 that the commissioner of revenue after investigation is satisfied that the purchaser has  
113.26 made every effort reasonable to make payment of both the annual installment and said  
113.27 taxes, and that there has been no willful neglect on the part of the purchaser in meeting  
113.28 these obligations, then the commissioner of revenue may extend the time for the payment  
113.29 for such period as the commissioner may deem warranted, not to exceed one year. On  
113.30 payment in full of the purchase price, appropriate conveyance in fee, in such form as may  
113.31 be prescribed by the attorney general, shall be issued by the commissioner of revenue,  
113.32 which conveyance must be recorded by the county and shall have the force and effect of  
113.33 a patent from the state subject to easements and restrictions of record at the date of the  
113.34 tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph,~~ and

114.1 electric power lines either by underground cable or conduit or otherwise, sewer and water  
114.2 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

114.4 Sec. 53. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

114.5 Subd. 4. **Easements.** The county auditor, when and for such price and on such  
114.6 terms and for such period as the county board prescribes, may grant easements or permits  
114.7 on unsold tax-forfeited land for telephone, ~~telegraph~~, and electric power lines either by  
114.8 underground cable or conduit or otherwise, sewer and water lines, highways, recreational  
114.9 trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement  
114.10 or permit may be canceled by resolution of the county board after reasonable notice for  
114.11 any substantial breach of its terms or if at any time its continuance will conflict with  
114.12 public use of the land, or any part thereof, on which it is granted. Land affected by any  
114.13 such easement or permit may be sold or leased for mineral or other legal purpose, but sale  
114.14 or lease shall be subject to the easement or permit, and all rights granted by the easement  
114.15 or permit shall be excepted from the conveyance or lease of the land and be reserved,  
114.16 and may be canceled by the county board in the same manner and for the same reasons  
114.17 as it could have been canceled before sale and in that case the rights granted thereby  
114.18 shall vest in the state in trust as the land on which it was granted was held before sale or  
114.19 lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may  
114.20 be governed thereby if the holder thereof and county board so agree. Reasonable notice  
114.21 as used in this subdivision, means a 90-day written notice addressed to the record owner  
114.22 of the easement at the last known address, and upon cancellation the county board may  
114.23 grant extensions of time to vacate the premises affected.

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

114.25 Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

114.26 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved  
114.27 by the county board ~~on or after July 1, 1982~~, is subject to interest at the rate determined  
114.28 ~~pursuant to section 549.09. Repurchase contracts approved after December 31, 1990, are~~  
114.29 ~~subject to interest at the rate determined~~ in section 279.03, subdivision 1a. The interest  
114.30 rate is subject to change each year on the unpaid balance in the manner provided for rate  
114.31 changes in section ~~549.09 or~~ 279.03, subdivision 1a, ~~whichever is applicable. Interest on~~  
114.32 ~~the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the~~  
114.33 ~~rate applicable to the repurchase contract at the time that it was approved.~~

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

115.2 Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

115.3 Subd. 4. **Service fee.** The county auditor may collect a service fee to cover  
 115.4 administrative costs as set by the county board for each repurchase application received  
 115.5 after July 1, 1985. The fee must be paid at the time of application and must be credited to  
 115.6 the county general revenue fund.

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

115.8 Sec. 56. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

115.9 Subd. 5. **County may impose conditions of repurchase.** The county auditor, after  
 115.10 receiving county board approval, may impose conditions on repurchase of tax-forfeited  
 115.11 lands limiting the use of the parcel subject to the repurchase, including, but not limited to,  
 115.12 environmental remediation action plan restrictions or covenants, or easements for lines or  
 115.13 equipment for telephone, telegraph, electric power, or telecommunications.

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

115.15 Sec. 57. Minnesota Statutes 2012, section 282.322, is amended to read:

115.16 **282.322 FORFEITED LANDS LIST.**

115.17 The county board of any county may ~~at any time after the passage of Laws 1945,~~  
 115.18 ~~chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the  
 115.19 opinion that such lands may be acquired by the state or any municipal subdivision thereof  
 115.20 for public purposes. Upon the filing of such list the county auditor shall withhold said  
 115.21 lands from repurchase. If no proceeding shall be started to acquire such lands by the  
 115.22 state or some municipal subdivision thereof within one year after the filing of such list  
 115.23 the county board shall withdraw said list and thereafter the owner shall have one year in  
 115.24 which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

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

115.26 Sec. 58. Minnesota Statutes 2012, section 287.30, is amended to read:

115.27 **287.30 COUNTY TREASURER; DUTIES.**

115.28 The ~~care of documentary stamps entrusted to county treasurers and the duties imposed~~  
 115.29 upon county treasurers by this chapter are within the duties of such office and are within  
 115.30 the coverage of any official bond delivered to the state, conditioned that any such officer

116.1 shall faithfully execute the duties of office. The county board may by resolution require  
116.2 the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

116.4 Sec. 59. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

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

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

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

116.20 Sec. 60. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

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

116.23 (1) created or organized in the United States, or under the laws of the United  
116.24 States or of any state, the District of Columbia, or any political subdivision of any of  
116.25 the foregoing but not including the Commonwealth of Puerto Rico, or any possession  
116.26 of the United States; or

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

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

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

117.1 Sec. 61. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d,  
117.2 is amended to read:

117.3 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For  
117.4 corporations, there shall be subtracted from federal taxable income after the increases  
117.5 provided in subdivision 19c:

117.6 (1) the amount of foreign dividend gross-up added to gross income for federal  
117.7 income tax purposes under section 78 of the Internal Revenue Code;

117.8 (2) the amount of salary expense not allowed for federal income tax purposes due to  
117.9 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

117.10 (3) any dividend (not including any distribution in liquidation) paid within the  
117.11 taxable year by a national or state bank to the United States, or to any instrumentality of  
117.12 the United States exempt from federal income taxes, on the preferred stock of the bank  
117.13 owned by the United States or the instrumentality;

117.14 ~~(4) amounts disallowed for intangible drilling costs due to differences between~~  
117.15 ~~this chapter and the Internal Revenue Code in taxable years beginning before January~~  
117.16 ~~1, 1987, as follows:~~

117.17 ~~(i) to the extent the disallowed costs are represented by physical property, an amount~~  
117.18 ~~equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,~~  
117.19 ~~subdivision 7, subject to the modifications contained in subdivision 19c; and~~

117.20 ~~(ii) to the extent the disallowed costs are not represented by physical property, an~~  
117.21 ~~amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section~~  
117.22 ~~290.09, subdivision 8;~~

117.23 ~~(5)~~ (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the  
117.24 Internal Revenue Code, except that:

117.25 (i) for capital losses incurred in taxable years beginning after December 31, 1986,  
117.26 capital loss carrybacks shall not be allowed;

117.27 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,  
117.28 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be  
117.29 allowed;

117.30 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a  
117.31 capital loss carryback to each of the three taxable years preceding the loss year, subject to  
117.32 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

117.33 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,  
117.34 a capital loss carryover to each of the five taxable years succeeding the loss year to the  
117.35 extent such loss was not used in a prior taxable year and subject to the provisions of  
117.36 Minnesota Statutes 1986, section 290.16, shall be allowed;

118.1 ~~(6)~~ (5) an amount for interest and expenses relating to income not taxable for federal  
118.2 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and  
118.3 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
118.4 291 of the Internal Revenue Code in computing federal taxable income;

118.5 ~~(7)~~ (6) in the case of mines, oil and gas wells, other natural deposits, and timber for  
118.6 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a  
118.7 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
118.8 must be apportioned between the lessor and lessee in accordance with rules prescribed  
118.9 by the commissioner. In the case of property held in trust, the allowable deduction must  
118.10 be apportioned between the income beneficiaries and the trustee in accordance with the  
118.11 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
118.12 of the trust's income allocable to each;

118.13 ~~(8)~~ (7) for certified pollution control facilities placed in service in a taxable year  
118.14 beginning before December 31, 1986, and for which amortization deductions were elected  
118.15 under section 169 of the Internal Revenue Code of 1954, as amended through December  
118.16 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
118.17 1986, section 290.09, subdivision 7;

118.18 ~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of  
118.19 income, excise, or franchise taxes based on net income or related minimum taxes paid  
118.20 by the corporation to Minnesota, another state, a political subdivision of another state,  
118.21 the District of Columbia, or a foreign country or possession of the United States to the  
118.22 extent that the taxes were added to federal taxable income under subdivision 19c, clause  
118.23 (1), in a prior taxable year;

118.24 ~~(10)~~ (9) income or gains from the business of mining as defined in section 290.05,  
118.25 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

118.26 ~~(11)~~ (10) the amount of disability access expenditures in the taxable year which are not  
118.27 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

118.28 ~~(12)~~ (11) the amount of qualified research expenses not allowed for federal income  
118.29 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent  
118.30 that the amount exceeds the amount of the credit allowed under section 290.068;

118.31 ~~(13)~~ (12) the amount of salary expenses not allowed for federal income tax purposes  
118.32 due to claiming the Indian employment credit under section 45A(a) of the Internal  
118.33 Revenue Code;

118.34 ~~(14)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the  
118.35 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
118.36 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

119.1 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which  
119.2 an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth  
119.3 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
119.4 the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The  
119.5 resulting delayed depreciation cannot be less than zero;

119.6 ~~(16)~~ (15) in each of the five tax years immediately following the tax year in which an  
119.7 addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the  
119.8 amount of the addition;

119.9 ~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness  
119.10 income resulting from reacquisition of business indebtedness included in federal taxable  
119.11 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
119.12 to the extent that the income was included in net income in a prior year as a result of the  
119.13 addition under subdivision 19c, clause (16); and

119.14 ~~(18)~~ (17) the amount of expenses not allowed for federal income tax purposes due  
119.15 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
119.16 Revenue Code.

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

119.19 Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

119.20 Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.**

119.21 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal  
119.22 income tax purposes except as set forth in paragraphs (e) and (f), ~~(g)~~, and ~~(m)~~. For  
119.23 corporations, the basis of property is its adjusted basis for federal income tax purposes,  
119.24 without regard to the time when the property became subject to tax under this chapter or to  
119.25 whether out-of-state losses or items of tax preference with respect to the property were not  
119.26 deductible under this chapter, except that the modifications to the basis for federal income  
119.27 tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the  
119.28 resulting modifications to federal taxable income must be made in the year in which gain  
119.29 or loss on the sale or other disposition of property is recognized.

119.30 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

119.31 (c) ~~The basis of property subject to the accelerated cost recovery system under~~  
119.32 ~~section 168 of the Internal Revenue Code shall be modified to reflect the modifications in~~  
119.33 ~~depreciation with respect to the property provided for in subdivision 19c. For certified~~  
119.34 ~~pollution control facilities for which amortization deductions were elected under section~~

120.1 ~~169 of the Internal Revenue Code of 1954, the basis of the property must be increased by~~  
120.2 ~~the amount of the amortization deduction not previously allowed under this chapter.~~

120.3 ~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is  
120.4 the fair market value of the property as of that date. The basis for determining a loss is  
120.5 the cost of the property to the taxpayer less any depreciation, amortization, or depletion,  
120.6 actually sustained before that date. If the adjusted cost exceeds the fair market value of the  
120.7 property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

120.8 ~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if  
120.9 an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09,  
120.10 subdivision 13, and the allowance could have been deducted by the taxpayer under this  
120.11 chapter during the period of the taxpayer's ownership of the property.

120.12 ~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships,  
120.13 or individuals engaged in the business of mining ores other than iron ore or taconite  
120.14 concentrates subject to the occupation tax under chapter 298 must use the occupation  
120.15 tax basis of property used in that business.

120.16 ~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships,  
120.17 or individuals engaged in the business of mining iron ore or taconite concentrates subject  
120.18 to the occupation tax under chapter 298 must use the occupation tax basis of property  
120.19 used in that business.

120.20 ~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and  
120.21 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1,  
120.22 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

120.23 ~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue  
120.24 Code, the date December 31, 1956, shall be substituted for June 22, 1954.

120.25 ~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling  
120.26 costs not previously allowed due to differences between this chapter and the Internal  
120.27 Revenue Code.

120.28 ~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is  
120.29 the same as the adjusted basis for federal income tax purposes modified as required to  
120.30 reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis  
120.31 of a partnership in which the partner is an individual, estate, or trust is the same as the  
120.32 adjusted basis for federal income tax purposes modified as required to reflect the basis  
120.33 modifications set forth in paragraphs (e) and (f) and ~~(g)~~.

120.34 ~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis  
120.35 of property that is determined by reference to the basis of the same property in the hands  
120.36 of a different taxpayer or by reference to the basis of different property.

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

121.3 Sec. 63. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

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

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

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

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

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

121.9 (iii) the exemption for operating in a job opportunity building zone under section  
121.10 469.317; and

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

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

121.15 Sec. 64. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

121.16 Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person  
121.17 that conducts a trade or business that has a place of business in this state, regularly has  
121.18 employees or independent contractors conducting business activities on its behalf in this  
121.19 state, or owns or leases real property that is located in this state or tangible personal  
121.20 property, including but not limited to mobile property, that is present in this state is subject  
121.21 to the taxes imposed by this chapter.

121.22 (b) Except as provided in subdivision 3, a person that conducts a trade or business  
121.23 not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade  
121.24 or business obtains or regularly solicits business from within this state, without regard  
121.25 to physical presence in this state.

121.26 (c) For purposes of paragraph (b), business from within this state includes, but is  
121.27 not limited to:

121.28 (1) sales of products or services of any kind or nature to customers in this state who  
121.29 receive the product or service in this state;

121.30 (2) sales of services which are performed from outside this state but the services  
121.31 are received in this state;

121.32 (3) transactions with customers in this state that involve intangible property and  
121.33 result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

122.1 (4) leases of tangible personal property that is located in this state as defined in  
 122.2 section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

122.3 (5) sales and leases of real property located in this state.

122.4 (d) For purposes of paragraph (b), solicitation includes, but is not limited to:

122.5 (1) the distribution, by mail or otherwise, without regard to the state from which such  
 122.6 distribution originated or in which the materials were prepared, of catalogs, periodicals,  
 122.7 advertising flyers, or other written solicitations of business to customers in this state;

122.8 (2) display of advertisements on billboards or other outdoor advertising in this state;

122.9 (3) advertisements in newspapers published in this state;

122.10 (4) advertisements in trade journals or other periodicals, the circulation of which is  
 122.11 primarily within this state;

122.12 (5) advertisements in a Minnesota edition of a national or regional publication or a  
 122.13 limited regional edition of which this state is included of a broader regional or national  
 122.14 publication which are not placed in other geographically defined editions of the same issue  
 122.15 of the same publication;

122.16 (6) advertisements in regional or national publications in an edition which is not  
 122.17 by its contents geographically targeted to Minnesota, but which is sold over the counter  
 122.18 in Minnesota or by subscription to Minnesota residents;

122.19 (7) advertisements broadcast on a radio or television station located in Minnesota; or

122.20 (8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic,  
 122.21 microwave, or other communication system.

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

122.23 Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

122.24 Subdivision 1. **Annual accounting period.** Net income and taxable net income  
 122.25 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer  
 122.26 has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined,~~  
 122.27 the net income and taxable net income shall be computed on the basis of the calendar year.  
 122.28 Taxpayers shall employ the same accounting period on which they report, or would be  
 122.29 required to report, their net income under the Internal Revenue Code. The commissioner  
 122.30 shall provide by rule for the determination of the accounting period for taxpayers who file  
 122.31 a combined report under section 290.17, subdivision 4, when members of the group use  
 122.32 different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes~~  
 122.33 ~~its accounting period for federal purposes, the due date of the return is not changed.~~

122.34 ~~A taxpayer may change accounting periods only with the consent of the~~  
 122.35 ~~commissioner. In case of any such change, the taxpayer shall pay a tax for the period~~

123.1 ~~not included in either the taxpayer's former or newly adopted taxable year, computed as~~  
123.2 ~~provided in section 290.32.~~

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

123.5 Sec. 66. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

123.6 Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by  
123.7 this chapter, net income and taxable net income shall be computed in accordance with  
123.8 the method of accounting regularly employed in keeping the taxpayer's books. If no such  
123.9 accounting system has been regularly employed, or if that employed does not clearly or  
123.10 fairly reflect income or the income taxable under this chapter, the computation shall be  
123.11 made in accordance with such method as in the opinion of the commissioner does clearly  
123.12 and fairly reflect income and the income taxable under this chapter.

123.13 ~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the~~  
123.14 ~~method of accounting for regularly computing the taxpayer's income in keeping books~~  
123.15 ~~shall, before computing net income and taxable net income under the new method, secure~~  
123.16 ~~the consent of the commissioner.~~

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

123.19 Sec. 67. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3,  
123.20 is amended to read:

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

123.28 ~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and~~  
123.29 ~~56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in~~  
123.30 ~~service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal~~  
123.31 ~~income tax purposes, including any modification made in a taxable year under section~~  
123.32 ~~290.01, subdivision 19c, or Minnesota Statutes 1986, section 290.09, subdivision 7,~~  
123.33 ~~paragraph (c).~~

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

124.5 ~~(2)~~ (1) The portion of the depreciation deduction allowed for federal income tax  
124.6 purposes under section 168(k) of the Internal Revenue Code that is required as an  
124.7 addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining  
124.8 alternative minimum taxable income.

124.9 ~~(3)~~ (2) The subtraction for depreciation allowed under section 290.01, subdivision  
124.10 19d, clause ~~(15)~~ (14), is allowed as a depreciation deduction in determining alternative  
124.11 minimum taxable income.

124.12 ~~(4)~~ (3) The alternative tax net operating loss deduction under sections 56(a)(4) and  
124.13 56(d) of the Internal Revenue Code does not apply.

124.14 ~~(5)~~ (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the  
124.15 Internal Revenue Code does not apply.

124.16 ~~(6)~~ (5) The tax preference for depletion under section 57(a)(1) of the Internal  
124.17 Revenue Code does not apply.

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

124.21 ~~(8)~~ (6) The tax preference for tax exempt interest under section 57(a)(5) of the  
124.22 Internal Revenue Code does not apply.

124.23 ~~(9)~~ (7) The tax preference for charitable contributions of appreciated property under  
124.24 section 57(a)(6) of the Internal Revenue Code does not apply.

124.25 ~~(10)~~ For purposes of calculating the tax preference for accelerated depreciation or  
124.26 amortization on certain property placed in service before January 1, 1987, under section  
124.27 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the  
124.28 deduction allowed under section 290.01, subdivision 19e.

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

124.32 ~~(11)~~ (8) For purposes of calculating the adjustment for adjusted current earnings  
124.33 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
124.34 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
124.35 minimum taxable income as defined in this subdivision, determined without regard to the  
124.36 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

125.1 ~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under  
125.2 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section  
125.3 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend  
125.4 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the  
125.5 amount of refunds of income, excise, or franchise taxes subtracted as provided in section  
125.6 290.01, subdivision 19d, clause (9).

125.7 ~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating  
125.8 in a job opportunity building zone as provided under section 469.317.

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

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

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

125.15 Sec. 68. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

125.16 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales  
125.17 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts  
125.18 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the  
125.19 total sales or receipts apportioned or attributed to Minnesota pursuant to any other  
125.20 apportionment formula applicable to the taxpayer.

125.21 (b) "Minnesota property" means total Minnesota tangible property as provided in  
125.22 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,  
125.23 but does not include: ~~(1)~~ the property of a qualified business as defined under section  
125.24 469.310, subdivision 11, that is located in a job opportunity building zone designated  
125.25 under section 469.314 and ~~(2)~~ property of a qualified business located in a biotechnology  
125.26 and health sciences industry zone designated under section 469.334. Intangible property  
125.27 shall not be included in Minnesota property for purposes of this section. Taxpayers who  
125.28 do not utilize tangible property to apportion income shall nevertheless include Minnesota  
125.29 property for purposes of this section. On a return for a short taxable year, the amount of  
125.30 Minnesota property owned, as determined under section 290.191, shall be included in  
125.31 Minnesota property based on a fraction in which the numerator is the number of days in  
125.32 the short taxable year and the denominator is 365.

125.33 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section  
125.34 290.191, subdivision 12, but does not include: ~~(1)~~ the job opportunity building zone payroll  
125.35 under section 469.310, subdivision 8, of a qualified business as defined under section

126.1 469.310, subdivision 11, ~~and (2) biotechnology and health sciences industry zone payrolls~~  
126.2 ~~under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion  
126.3 income shall nevertheless include Minnesota payrolls for purposes of this section.

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

126.6 Sec. 69. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

126.7 Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year:  
126.8 ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of  
126.9 the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January~~  
126.10 ~~1, 1987, shall be a net operating loss carryover to each of the five taxable years following~~  
126.11 ~~the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section~~  
126.12 ~~290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback~~  
126.13 ~~to each of the three taxable years preceding the loss year subject to the provisions of~~  
126.14 ~~Minnesota Statutes 1986, section 290.095.~~

126.15 (b) The entire amount of the net operating loss for any taxable year shall be carried to  
126.16 the earliest of the taxable years to which such loss may be carried. The portion of such loss  
126.17 which shall be carried to each of the other taxable years shall be the excess, if any, of the  
126.18 amount of such loss over the sum of the taxable net income, adjusted by the modifications  
126.19 specified in subdivision 4, for each of the taxable years to which such loss may be carried.

126.20 (c) Where a corporation apportions its income under the provisions of section  
126.21 290.191, the net operating loss deduction incurred in any taxable year shall be allowed  
126.22 to the extent of the apportionment ratio of the loss year.

126.23 (d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply  
126.24 to carryovers in certain corporate acquisitions and special limitations on net operating loss  
126.25 carryovers. The limitation amount determined under section 382 shall be applied to net  
126.26 income, before apportionment, in each post change year to which a loss is carried.

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

126.29 Sec. 70. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is  
126.30 amended to read:

126.31 Subd. 5. **Determination of sales factor.** For purposes of this section, the following  
126.32 rules apply in determining the sales factor.

127.1 (a) The sales factor includes all sales, gross earnings, or receipts received in the  
127.2 ordinary course of the business, except that the following types of income are not included  
127.3 in the sales factor:

127.4 (1) interest;

127.5 (2) dividends;

127.6 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

127.7 (4) sales of property used in the trade or business, except sales of leased property of  
127.8 a type which is regularly sold as well as leased; and

127.9 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
127.10 Code or sales of stock.

127.11 (b) Sales of tangible personal property are made within this state if the property is  
127.12 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~  
127.13 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination  
127.14 of the property.

127.15 (c) Tangible personal property delivered to a common or contract carrier or foreign  
127.16 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
127.17 regardless of f.o.b. point or other conditions of the sale.

127.18 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,  
127.19 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is  
127.20 licensed by a state or political subdivision to resell this property only within the state of  
127.21 ultimate destination, the sale is made in that state.

127.22 (e) Sales made by or through a corporation that is qualified as a domestic  
127.23 international sales corporation under section 992 of the Internal Revenue Code are not  
127.24 considered to have been made within this state.

127.25 (f) Sales, rents, royalties, and other income in connection with real property is  
127.26 attributed to the state in which the property is located.

127.27 (g) Receipts from the lease or rental of tangible personal property, including finance  
127.28 leases and true leases, must be attributed to this state if the property is located in this  
127.29 state and to other states if the property is not located in this state. Receipts from the  
127.30 lease or rental of moving property including, but not limited to, motor vehicles, rolling  
127.31 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
127.32 factor to the extent that the property is used in this state. The extent of the use of moving  
127.33 property is determined as follows:

127.34 (1) A motor vehicle is used wholly in the state in which it is registered.

127.35 (2) The extent that rolling stock is used in this state is determined by multiplying  
127.36 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of

128.1 which is the miles traveled within this state by the leased or rented rolling stock and the  
128.2 denominator of which is the total miles traveled by the leased or rented rolling stock.

128.3 (3) The extent that an aircraft is used in this state is determined by multiplying the  
128.4 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
128.5 the number of landings of the aircraft in this state and the denominator of which is the  
128.6 total number of landings of the aircraft.

128.7 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
128.8 the state is determined by multiplying the receipts from the lease or rental of the property  
128.9 by a fraction, the numerator of which is the number of days during the taxable year the  
128.10 property was in this state and the denominator of which is the total days in the taxable year.

128.11 (h) Royalties and other income received for the use of or for the privilege of using  
128.12 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
128.13 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
128.14 similar items, must be attributed to the state in which the property is used by the purchaser.  
128.15 If the property is used in more than one state, the royalties or other income must be  
128.16 apportioned to this state pro rata according to the portion of use in this state. If the portion  
128.17 of use in this state cannot be determined, the royalties or other income must be excluded  
128.18 from both the numerator and the denominator. Intangible property is used in this state if  
128.19 the purchaser uses the intangible property or the rights therein in the regular course of its  
128.20 business operations in this state, regardless of the location of the purchaser's customers.

128.21 (i) Sales of intangible property are made within the state in which the property is  
128.22 used by the purchaser. If the property is used in more than one state, the sales must be  
128.23 apportioned to this state pro rata according to the portion of use in this state. If the  
128.24 portion of use in this state cannot be determined, the sale must be excluded from both the  
128.25 numerator and the denominator of the sales factor. Intangible property is used in this  
128.26 state if the purchaser used the intangible property in the regular course of its business  
128.27 operations in this state.

128.28 (j) Receipts from the performance of services must be attributed to the state where  
128.29 the services are received. For the purposes of this section, receipts from the performance  
128.30 of services provided to a corporation, partnership, or trust may only be attributed to a state  
128.31 where it has a fixed place of doing business. If the state where the services are received is  
128.32 not readily determinable or is a state where the corporation, partnership, or trust receiving  
128.33 the service does not have a fixed place of doing business, the services shall be deemed  
128.34 to be received at the location of the office of the customer from which the services were  
128.35 ordered in the regular course of the customer's trade or business. If the ordering office

129.1 cannot be determined, the services shall be deemed to be received at the office of the  
129.2 customer to which the services are billed.

129.3 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts  
129.4 from management, distribution, or administrative services performed by a corporation  
129.5 or trust for a fund of a corporation or trust regulated under United States Code, title 15,  
129.6 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of  
129.7 the fund resides. Under this paragraph, receipts for services attributed to shareholders are  
129.8 determined on the basis of the ratio of: (1) the average of the outstanding shares in the  
129.9 fund owned by shareholders residing within Minnesota at the beginning and end of each  
129.10 year; and (2) the average of the total number of outstanding shares in the fund at the  
129.11 beginning and end of each year. Residence of the shareholder, in the case of an individual,  
129.12 is determined by the mailing address furnished by the shareholder to the fund. Residence  
129.13 of the shareholder, when the shares are held by an insurance company as a depositor for  
129.14 the insurance company policyholders, is the mailing address of the policyholders. In  
129.15 the case of an insurance company holding the shares as a depositor for the insurance  
129.16 company policyholders, if the mailing address of the policyholders cannot be determined  
129.17 by the taxpayer, the receipts must be excluded from both the numerator and denominator.  
129.18 Residence of other shareholders is the mailing address of the shareholder.

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

129.20 Sec. 71. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

129.21 Subd. 2. **Taxable income.** For purposes of this section, taxable income means  
129.22 the lesser of:

129.23 (1) the amount of the net capital gain of the S corporation for the taxable year, as  
129.24 determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the  
129.25 modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess  
129.26 of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

129.27 (2) the amount of the S corporation's federal taxable income, subject to the  
129.28 provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under  
129.29 section 290.17, 290.191, or 290.20.

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

129.32 Sec. 72. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as  
129.33 amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

130.1 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited  
130.2 to, each of the transactions listed in this subdivision. In applying the provisions of this  
130.3 chapter, the terms "tangible personal property" and "retail sale" include the taxable  
130.4 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision  
130.5 of these taxable services, unless specifically provided otherwise. Services performed by  
130.6 an employee for an employer are not taxable. Services performed by a partnership or  
130.7 association for another partnership or association are not taxable if one of the entities owns  
130.8 or controls more than 80 percent of the voting power of the equity interest in the other  
130.9 entity. Services performed between members of an affiliated group of corporations are not  
130.10 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means  
130.11 those entities that would be classified as members of an affiliated group as defined under  
130.12 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

130.13 (b) Sale and purchase include:

130.14 (1) any transfer of title or possession, or both, of tangible personal property, whether  
130.15 absolutely or conditionally, for a consideration in money or by exchange or barter; and

130.16 (2) the leasing of or the granting of a license to use or consume, for a consideration  
130.17 in money or by exchange or barter, tangible personal property, other than a manufactured  
130.18 home used for residential purposes for a continuous period of 30 days or more.

130.19 (c) Sale and purchase include the production, fabrication, printing, or processing of  
130.20 tangible personal property for a consideration for consumers who furnish either directly or  
130.21 indirectly the materials used in the production, fabrication, printing, or processing.

130.22 (d) Sale and purchase include the preparing for a consideration of food.

130.23 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited  
130.24 to, the following:

130.25 (1) prepared food sold by the retailer;

130.26 (2) soft drinks;

130.27 (3) candy;

130.28 (4) dietary supplements; and

130.29 (5) all food sold through vending machines.

130.30 (e) A sale and a purchase includes the furnishing for a consideration of electricity,  
130.31 gas, water, or steam for use or consumption within this state.

130.32 (f) A sale and a purchase includes the transfer for a consideration of prewritten  
130.33 computer software whether delivered electronically, by load and leave, or otherwise.

130.34 (g) A sale and a purchase includes the furnishing for a consideration of the following  
130.35 services:

131.1 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
131.2 events, and the making available of amusement devices, tanning facilities, reducing  
131.3 salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

131.4 (2) lodging and related services by a hotel, rooming house, resort, campground,  
131.5 motel, or trailer camp, including furnishing the guest of the facility with access to  
131.6 telecommunication services, and the granting of any similar license to use real property in  
131.7 a specific facility, other than the renting or leasing of it for a continuous period of 30 days  
131.8 or more under an enforceable written agreement that may not be terminated without prior  
131.9 notice and including accommodations intermediary services provided in connection with  
131.10 other services provided under this clause;

131.11 (3) nonresidential parking services, whether on a contractual, hourly, or other  
131.12 periodic basis, except for parking at a meter;

131.13 (4) the granting of membership in a club, association, or other organization if:

131.14 (i) the club, association, or other organization makes available for the use of its  
131.15 members sports and athletic facilities, without regard to whether a separate charge is  
131.16 assessed for use of the facilities; and

131.17 (ii) use of the sports and athletic facility is not made available to the general public  
131.18 on the same basis as it is made available to members.

131.19 Granting of membership means both onetime initiation fees and periodic membership  
131.20 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and  
131.21 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;  
131.22 swimming pools; and other similar athletic or sports facilities;

131.23 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate  
131.24 material used in road construction; and delivery of concrete block by a third party if the  
131.25 delivery would be subject to the sales tax if provided by the seller of the concrete block.

131.26 For purposes of this clause, "road construction" means construction of:

131.27 (i) public roads;

131.28 (ii) cartways; and

131.29 (iii) private roads in townships located outside of the seven-county metropolitan area  
131.30 up to the point of the emergency response location sign; and

131.31 (6) services as provided in this clause:

131.32 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,  
131.33 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,  
131.34 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not  
131.35 include services provided by coin operated facilities operated by the customer;

132.1 (ii) motor vehicle washing, waxing, and cleaning services, including services  
132.2 provided by coin operated facilities operated by the customer, and rustproofing,  
132.3 undercoating, and towing of motor vehicles;

132.4 (iii) building and residential cleaning, maintenance, and disinfecting services and  
132.5 pest control and exterminating services;

132.6 (iv) detective, security, burglar, fire alarm, and armored car services; but not  
132.7 including services performed within the jurisdiction they serve by off-duty licensed peace  
132.8 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit  
132.9 organization or any organization at the direction of a county for monitoring and electronic  
132.10 surveillance of persons placed on in-home detention pursuant to court order or under the  
132.11 direction of the Minnesota Department of Corrections;

132.12 (v) pet grooming services;

132.13 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
132.14 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor  
132.15 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land  
132.16 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for  
132.17 public utility lines. Services performed under a construction contract for the installation of  
132.18 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

132.19 (vii) massages, except when provided by a licensed health care facility or  
132.20 professional or upon written referral from a licensed health care facility or professional for  
132.21 treatment of illness, injury, or disease; and

132.22 (viii) the furnishing of lodging, board, and care services for animals in kennels and  
132.23 other similar arrangements, but excluding veterinary and horse boarding services.

132.24 (h) A sale and a purchase includes the furnishing for a consideration of tangible  
132.25 personal property or taxable services by the United States or any of its agencies or  
132.26 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political  
132.27 subdivisions.

132.28 (i) A sale and a purchase includes the furnishing for a consideration of  
132.29 telecommunications services, ancillary services associated with telecommunication  
132.30 services, and pay television services. Telecommunication services include, but are  
132.31 not limited to, the following services, as defined in section 297A.669: air-to-ground  
132.32 radiotelephone service, mobile telecommunication service, postpaid calling service,  
132.33 prepaid calling service, prepaid wireless calling service, and private communication  
132.34 services. The services in this paragraph are taxed to the extent allowed under federal law.

133.1 (j) A sale and a purchase includes the furnishing for a consideration of installation if  
 133.2 the installation charges would be subject to the sales tax if the installation were provided  
 133.3 by the seller of the item being installed.

133.4 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer  
 133.5 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)  
 133.6 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section  
 133.7 59B.02, subdivision 11.

133.8 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
 133.9 products or other digital products or granting the right for a consideration to use specified  
 133.10 digital products or other digital products on a temporary or permanent basis and regardless  
 133.11 of whether the purchaser is required to make continued payments for such right. Wherever  
 133.12 the term "tangible personal property" is used in this chapter, other than in subdivisions 10  
 133.13 and 38, the provisions also apply to specified digital products, or other digital products,  
 133.14 unless specifically provided otherwise or the context indicates otherwise.

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

133.16 Sec. 73. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

133.17 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event  
 133.18 are exempt if all the gross receipts are recorded as such, in accordance with generally  
 133.19 accepted accounting principles, on the books of one or more organizations whose primary  
 133.20 mission is to provide an opportunity for citizens of the state to participate in the creation,  
 133.21 performance, or appreciation of the arts, and provided that each organization is:

133.22 (1) an organization described in section 501(c)(3) of the Internal Revenue Code  
 133.23 in which voluntary contributions make up at least ~~the following~~ five percent of the  
 133.24 organization's annual revenue in its most recently completed 12-month fiscal year, or in  
 133.25 the current year if the organization has not completed a 12-month fiscal year;

133.26 ~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's~~  
 133.27 ~~fiscal year completed in calendar year 2000, three percent;~~

133.28 ~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the~~  
 133.29 ~~organization's fiscal year completed in calendar year 2001, three percent;~~

133.30 ~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the~~  
 133.31 ~~organization's fiscal year completed in calendar year 2002, four percent; and~~

133.32 ~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each~~  
 133.33 ~~subsequent year, for the organization's fiscal year completed in the preceding calendar~~  
 133.34 ~~year, five percent;~~

133.35 (2) a municipal board that promotes cultural and arts activities; or

134.1 (3) the University of Minnesota, a state college and university, or a private nonprofit  
 134.2 college or university provided that the event is held at a facility owned by the educational  
 134.3 institution holding the event.

134.4 The exemption only applies if the entire proceeds, after reasonable expenses, are used  
 134.5 solely to provide opportunities for citizens of the state to participate in the creation,  
 134.6 performance, or appreciation of the arts.

134.7 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are  
 134.8 exempt, provided that the exemption under this paragraph does not apply to tickets or  
 134.9 admissions to performances or events held on the premises unless the performance or  
 134.10 event is sponsored and conducted exclusively by the Minnesota Zoological Board or  
 134.11 employees of the Minnesota Zoological Garden.

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

134.13 Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is  
 134.14 amended to read:

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

134.18 (1) building materials for an agricultural processing facility exempt under section  
 134.19 297A.71, subdivision 13;

134.20 (2) building materials for mineral production facilities exempt under section  
 134.21 297A.71, subdivision 14;

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

134.23 (4) building materials used in a residence for disabled veterans exempt under section  
 134.24 297A.71, subdivision 11;

134.25 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

134.26 ~~(6) building materials for the Long Lake Conservation Center exempt under section~~  
 134.27 ~~297A.71, subdivision 17;~~

134.28 ~~(7)~~ (6) materials and supplies for qualified low-income housing under section  
 134.29 297A.71, subdivision 23;

134.30 ~~(8)~~ (7) materials, supplies, and equipment for municipal electric utility facilities  
 134.31 under section 297A.71, subdivision 35;

134.32 ~~(9)~~ (8) equipment and materials used for the generation, transmission, and  
 134.33 distribution of electrical energy and an aerial camera package exempt under section  
 134.34 297A.68, subdivision 37;

135.1 ~~(10)~~ (9) commuter rail vehicle and repair parts under section 297A.70, subdivision  
 135.2 3, paragraph (a), clause (10);

135.3 ~~(11)~~ (10) materials, supplies, and equipment for construction or improvement of  
 135.4 projects and facilities under section 297A.71, subdivision 40;

135.5 ~~(12) materials, supplies, and equipment for construction or improvement of a meat  
 135.6 processing facility exempt under section 297A.71, subdivision 41;~~

135.7 ~~(13)~~ (11) materials, supplies, and equipment for construction, improvement, or  
 135.8 expansion of:

135.9 (i) an aerospace defense manufacturing facility exempt under section 297A.71,  
 135.10 subdivision 42;

135.11 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,  
 135.12 subdivision 45;

135.13 (iii) a research and development facility exempt under section 297A.71, subdivision  
 135.14 46; and

135.15 (iv) an industrial measurement manufacturing and controls facility exempt under  
 135.16 section 297A.71, subdivision 47;

135.17 ~~(14)~~ (12) enterprise information technology equipment and computer software for  
 135.18 use in a qualified data center exempt under section 297A.68, subdivision 42;

135.19 ~~(15)~~ (13) materials, supplies, and equipment for qualifying capital projects under  
 135.20 section 297A.71, subdivision 44;

135.21 ~~(16)~~ (14) items purchased for use in providing critical access dental services exempt  
 135.22 under section 297A.70, subdivision 7, paragraph (c); and

135.23 ~~(17)~~ (15) items and services purchased under a business subsidy agreement for use or  
 135.24 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

135.26 Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is  
 135.27 amended to read:

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

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

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

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

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

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

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

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

136.11 (8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (13), the applicant must be the  
136.12 governmental entity that owns or contracts for the project or facility.

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

136.14 Sec. 76. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is  
136.15 amended to read:

136.16 Subd. 3. **Application.** (a) The application must include sufficient information  
136.17 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,  
136.18 subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the  
136.19 contractor, subcontractor, or builder must furnish to the refund applicant a statement  
136.20 including the cost of the exempt items and the taxes paid on the items unless otherwise  
136.21 specifically provided by this subdivision. The provisions of sections 289A.40 and  
136.22 289A.50 apply to refunds under this section.

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

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

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

136.30 Sec. 77. Minnesota Statutes 2012, section 297A.94, is amended to read:

136.31 **297A.94 DEPOSIT OF REVENUES.**

137.1 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
137.2 including interest and penalties, derived from the taxes imposed by this chapter in the state  
137.3 treasury and credit them to the general fund.

137.4 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
137.5 account in the special revenue fund if:

137.6 (1) the taxes are derived from sales and use of property and services purchased for  
137.7 the construction and operation of an agricultural resource project; and

137.8 (2) the purchase was made on or after the date on which a conditional commitment  
137.9 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

137.10 The commissioner of management and budget shall certify to the commissioner the date  
137.11 on which the project received the conditional commitment. The amount deposited in  
137.12 the loan guaranty account must be reduced by any refunds and by the costs incurred by  
137.13 the Department of Revenue to administer and enforce the assessment and collection of  
137.14 the taxes.

137.15 (c) The commissioner shall deposit the revenues, including interest and penalties,  
137.16 derived from the taxes imposed on sales and purchases included in section 297A.61,  
137.17 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them  
137.18 as follows:

137.19 (1) first to the general obligation special tax bond debt service account in each fiscal  
137.20 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

137.21 (2) after the requirements of clause (1) have been met, the balance to the general fund.

137.22 (d) The commissioner shall deposit the revenues, including interest and penalties,  
137.23 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
137.24 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
137.25 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
137.26 subdivision 5, for the previous calendar year.

137.27 (e) ~~For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and~~  
137.28 ~~For fiscal year 2004 and thereafter, 72.43 percent~~ of the revenues, including interest and  
137.29 penalties, transmitted to the commissioner under section 297A.65, must be deposited by  
137.30 the commissioner in the state treasury as follows:

137.31 (1) 50 percent of the receipts must be deposited in the heritage enhancement account  
137.32 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
137.33 protect fish and wildlife resources, including conservation, restoration, and enhancement  
137.34 of land, water, and other natural resources of the state;

137.35 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
137.36 may be spent only for state parks and trails;

138.1 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
138.2 may be spent only on metropolitan park and trail grants;

138.3 (4) three percent of the receipts must be deposited in the natural resources fund, and  
138.4 may be spent only on local trail grants; and

138.5 (5) two percent of the receipts must be deposited in the natural resources fund,  
138.6 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and  
138.7 Conservatory, and the Duluth Zoo.

138.8 (f) The revenue dedicated under paragraph (e) may not be used as a substitute  
138.9 for traditional sources of funding for the purposes specified, but the dedicated revenue  
138.10 shall supplement traditional sources of funding for those purposes. Land acquired with  
138.11 money deposited in the game and fish fund under paragraph (e) must be open to public  
138.12 hunting and fishing during the open season, except that in aquatic management areas or  
138.13 on lands where angling easements have been acquired, fishing may be prohibited during  
138.14 certain times of the year and hunting may be prohibited. At least 87 percent of the money  
138.15 deposited in the game and fish fund for improvement, enhancement, or protection of fish  
138.16 and wildlife resources under paragraph (e) must be allocated for field operations.

138.17 (g) The revenues deposited under paragraphs (a) to (f) do not include the revenues,  
138.18 including interest and penalties, generated by the sales tax imposed under section  
138.19 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota  
138.20 Constitution, article XI, section 15.

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

138.22 Sec. 78. Minnesota Statutes 2012, section 297B.09, is amended to read:

138.23 **297B.09 ALLOCATION OF REVENUE.**

138.24 Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this  
138.25 chapter must be deposited as provided in this subdivision.

138.26 (b) ~~From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected~~  
138.27 ~~and received must be deposited in the highway user tax distribution fund, 24 percent must~~  
138.28 ~~be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent~~  
138.29 ~~must be deposited in the greater Minnesota transit account under section 16A.88. The~~  
138.30 ~~remaining money must be deposited in the general fund.~~

138.31 (c) ~~From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected~~  
138.32 ~~and received must be deposited in the highway user tax distribution fund, 27.75 percent~~  
138.33 ~~must be deposited in the metropolitan area transit account under section 16A.88, 1.75~~

139.1 percent must be deposited in the greater Minnesota transit account under section 16A.88,  
139.2 and the remaining money must be deposited in the general fund.

139.3 (d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected  
139.4 and received must be deposited in the highway user tax distribution fund, 30 percent  
139.5 must be deposited in the metropolitan area transit account under section 16A.88, 3.5  
139.6 percent must be deposited in the greater Minnesota transit account under section 16A.88,  
139.7 and 16.25 percent must be deposited in the general fund. The remaining amount must  
139.8 be deposited as follows:

139.9 (1) 1.5 percent in the metropolitan area transit account, except that any amount in  
139.10 excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and

139.11 (2) 1.25 percent in the greater Minnesota transit account, except that any amount in  
139.12 excess of \$5,000,000 must be deposited in the highway user tax distribution fund.

139.13 (e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected  
139.14 and received must be deposited in the highway user tax distribution fund, 33.75 percent  
139.15 must be deposited in the metropolitan area transit account under section 16A.88, 3.75  
139.16 percent must be deposited in the greater Minnesota transit account under section 16A.88,  
139.17 and 6.25 percent must be deposited in the general fund. The remaining amount must  
139.18 be deposited as follows:

139.19 (1) 1.5 percent in the metropolitan area transit account, except that any amount in  
139.20 excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and

139.21 (2) 0.25 percent in the greater Minnesota transit account, except that any amount in  
139.22 excess of \$1,250,000 must be deposited in the highway user tax distribution fund.

139.23 (f) On and after July 1, 2011, (b) 60 percent of the money collected and received  
139.24 must be deposited in the highway user tax distribution fund, 36 percent must be deposited  
139.25 in the metropolitan area transit account under section 16A.88, and four percent must be  
139.26 deposited in the greater Minnesota transit account under section 16A.88.

139.27 (g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b)  
139.28 remain unchanged for fiscal year 2012 and all subsequent fiscal years.

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

139.30 Sec. 79. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

139.31 Subd. 2. **Form of application.** Every application for a cigarette or tobacco products  
139.32 license shall be made on a form prescribed by the commissioner and shall state the name  
139.33 and address of the applicant; if the applicant is a firm, partnership, or association, the name  
139.34 and address of each of its members; if the applicant is a corporation, the name and address  
139.35 of each of its officers; the address of its principal place of business; the place where the

140.1 ~~business to be licensed is to be conducted; and any other information the commissioner~~  
140.2 ~~may require for the administration of this chapter.~~

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

140.4 Sec. 80. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

140.5 Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals  
140.6 ~~a percentage~~ 1.5 percent of gross premiums less return premiums on all direct business  
140.7 received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or  
140.8 otherwise, during the year. ~~For premiums received after December 31, 2005, but before~~  
140.9 ~~January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December~~  
140.10 ~~31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums~~  
140.11 ~~received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625~~  
140.12 ~~percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.~~

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

140.14 Sec. 81. Minnesota Statutes 2012, section 298.75, subdivision 1, is amended to read:

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

140.17 (a) "Aggregate material" means:

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

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

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

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

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

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

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

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

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

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

141.17 Sec. 82. Minnesota Statutes 2012, section 412.131, is amended to read:

141.18 **412.131 ASSESSOR; DUTIES, COMPENSATION.**

141.19 The city assessor, if there is one, shall assess and return as provided by law all  
 141.20 property taxable within the city, if a separate assessment district, and the assessor of the  
 141.21 town within which the city lies shall not include in the return any property taxable in the  
 141.22 city. Any assessor may appoint a deputy assessor as provided in section 273.06. The  
 141.23 assessor may be compensated on a full-time or part-time basis at the option of the council  
 141.24 ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual~~  
 141.25 ~~basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is~~  
 141.26 ~~not fixed by the council the assessor shall be entitled to compensation at the rate of \$20~~  
 141.27 ~~per day for each days service necessarily rendered, and mileage at the rate paid other city~~  
 141.28 ~~officers for each mile necessarily traveled in going to and returning from the county seat of~~  
 141.29 ~~the county to attend any meeting of the assessors of the county legally called by the county~~  
 141.30 ~~auditor, and also for each mile necessarily traveled in making the return of assessment~~  
 141.31 ~~to the proper county officer and in attending sectional meetings called by the county~~  
 141.32 ~~assessor, except when mileage is paid by the county. In addition to other compensation,~~  
 141.33 ~~the council may allow the assessor mileage at the same rate per mile as paid other city~~  
 141.34 ~~officers for each mile necessarily traveled in assessment work.~~

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

142.2 Sec. 83. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3,  
142.3 is amended to read:

142.4 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the  
142.5 executive director of the Public Employees Retirement Association shall report to the  
142.6 commissioner of revenue the following:

142.7 (1) the municipalities which employ firefighters with retirement coverage by the  
142.8 public employees police and fire retirement plan;

142.9 ~~(2) the number of firefighters with public employees police and fire retirement plan~~  
142.10 ~~coverage employed by each municipality;~~

142.11 ~~(3) (2)~~ the fire departments covered by the voluntary statewide lump-sum volunteer  
142.12 firefighter retirement plan; and

142.13 ~~(4) (3)~~ any other information requested by the commissioner to administer the police  
142.14 and firefighter retirement supplemental state aid program.

142.15 (b) For this subdivision, ~~(i) the number of firefighters employed by a municipality~~  
142.16 ~~who have public employees police and fire retirement plan coverage means the number~~  
142.17 ~~of firefighters with public employees police and fire retirement plan coverage that were~~  
142.18 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~  
142.19 ~~months prior to December 31 preceding the date of the payment under this section and, if~~  
142.20 ~~the person was employed for less than the full year, prorated to the number of full months~~  
142.21 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~  
142.22 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~  
142.23 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~  
142.24 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

142.26 Sec. 84. Minnesota Statutes 2013 Supplement, section 465.04, is amended to read:

142.27 **465.04 ACCEPTANCE OF GIFTS.**

142.28 ~~Cities~~ A city of the second, third, or fourth class, ~~having at any time an estimated~~  
142.29 ~~market value of not more than \$41,000,000, as officially equalized by the commissioner~~  
142.30 ~~of revenue, either operating under a home rule charter or under the laws of this state, in~~  
142.31 ~~addition to all other powers possessed by them, hereby are authorized and empowered to~~  
142.32 may receive and accept gifts and donations for the use and benefit of ~~such cities and the~~  
142.33 city and its inhabitants thereof upon terms and conditions to be approved by the governing

143.1 ~~bodies~~ body of such cities; and such cities are authorized to comply with and perform such  
 143.2 the city. The terms and conditions, ~~which~~ may include payment to the donor or donors of  
 143.3 interest on the value of the gift at not exceeding five percent per annum payable annually or  
 143.4 semiannually, during the remainder of the natural life or lives of ~~such~~ the donor or donors.

143.5 Sec. 85. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

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

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

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

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

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

143.16 (b) For purposes of determining a duration limit under this subdivision or subdivision  
 143.17 1e that is based on the receipt of an increment, any increments from taxes payable in the year  
 143.18 in which the district terminates shall be paid to the authority. This paragraph does not affect  
 143.19 a duration limit calculated from the date of approval of the tax increment financing plan or  
 143.20 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph  
 143.21 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

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

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

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

143.32 Sec. 86. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

143.33 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which  
 143.34 certification was requested before ~~August 1, 1979,~~ or after ~~June 30, 1982~~ and before

144.1 August 1, 2001, no tax increment shall be used to pay any administrative expenses for  
144.2 a project which exceed ten percent of the total estimated tax increment expenditures  
144.3 authorized by the tax increment financing plan or the total tax increment expenditures  
144.4 for the project, whichever is less.

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

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

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

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

144.18 Sec. 87. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2,  
144.19 is amended to read:

144.20 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
144.21 district, an amount equal to at least 75 percent of the total revenue derived from tax  
144.22 increments paid by properties in the district must be expended on activities in the district  
144.23 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
144.24 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
144.25 For districts, other than redevelopment districts for which the request for certification  
144.26 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
144.27 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
144.28 increments paid by properties in the district may be expended, through a development fund  
144.29 or otherwise, on activities outside of the district but within the defined geographic area of  
144.30 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
144.31 For districts, other than redevelopment districts for which the request for certification was  
144.32 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
144.33 20 percent. The revenue derived from tax increments for the district that are expended on  
144.34 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
144.35 calculating the percentages that must be expended within and without the district.

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

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

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

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

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

145.20 (3) be used to:

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

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

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

145.24 (4) be used to develop housing:

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

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

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

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

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

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

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

146.18 Sec. 88. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

146.19 Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds  
146.20 under the provisions of this section, shall, before the issuance thereof, levy for each year,  
146.21 until the principal and interest are paid in full, a direct annual tax on all the taxable property  
146.22 of the cities in and for which the corporation has been created in an amount not less than  
146.23 five percent in excess of the sum required to pay the principal and interest thereof, when  
146.24 and as such principal and interest matures. After any of such bonds have been delivered to  
146.25 purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the  
146.26 issuance of such bonds no further action of the corporation shall be necessary to authorize  
146.27 the extensions, assessments, and collection of such tax. The secretary of the corporation  
146.28 shall forthwith furnish a certified copy of such levy to the county auditor or county  
146.29 auditors of the county or counties in which the cities in and for which the corporation has  
146.30 been created are located, together with full information regarding the bonds for which the  
146.31 tax is levied, and such county auditor or such county auditors, as the case may be, shall  
146.32 enter the same in the register provided for in section 475.62, or a similar register, and shall  
146.33 extend and assess the tax so levied. If both cities are located wholly within one county, the  
146.34 county auditor thereof shall annually extend and assess the amount of the tax so levied. If  
146.35 the cities are located in different counties, the county auditor of each such county shall

147.1 annually extend and assess such portion of the tax levied as the net tax capacity of the  
147.2 taxable property, ~~not including moneys and credits~~, located wholly within the city in such  
147.3 county bears to the total net tax capacity of the taxable property, ~~not including moneys and~~  
147.4 ~~credits~~, within both cities. Any surplus resulting from the excess levy herein provided  
147.5 for shall be transferred to a sinking fund after the principal and interest for which the tax  
147.6 was levied and collected has been paid; provided, that the corporation may, on or before  
147.7 October 15 in any year, by appropriate action, cause its secretary to certify to the county  
147.8 auditor, or auditors, the amount on hand and available in its treasury from earnings, or  
147.9 otherwise, including the amount in the sinking fund, which it will use to pay principal or  
147.10 interest or both on each specified issue of its bonds, and the county auditor or auditors  
147.11 shall reduce the levy for that year, herein provided for by that amount. The amount of  
147.12 funds so certified shall be set aside by the corporation, and be used for no other purpose  
147.13 than for the payment of the principal and interest of the bonds. All taxes hereunder shall  
147.14 be collected and remitted to the corporation by the county treasurer or county treasurers,  
147.15 in accordance with the provisions of law governing the collection of other taxes, and shall  
147.16 be used solely for the payment of the bonds where due.

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

147.18 Sec. 89. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to  
147.19 read:

147.20 Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is  
147.21 eligible to receive the transition aid it received in 2007.

147.22 ~~(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2)~~  
147.23 ~~an average Part I crimes per capita greater than 3.9 percent based on factors used in~~  
147.24 ~~determining county program aid payable in 2008, shall receive \$100,000.~~

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

147.26 Sec. 90. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

147.27 Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall  
147.28 make all necessary calculations and make payments pursuant to sections 477A.013 and  
147.29 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner  
147.30 shall notify the authorities of their aid amounts, as well as the computational factors used  
147.31 in making the calculations for their authority, and those statewide total figures that are  
147.32 pertinent, before August 1 of the year preceding the aid distribution year.

148.1 (b) For the purposes of this subdivision, aid is determined for a city or town based  
148.2 on its city or town status as of June 30 of the year preceding the aid distribution year. If  
148.3 the effective date for a municipal incorporation, consolidation, annexation, detachment,  
148.4 dissolution, or township organization is on or before June 30 of the year preceding  
148.5 the aid distribution year, such change in boundaries or form of government shall be  
148.6 recognized for aid determinations for the aid distribution year. If the effective date for a  
148.7 municipal incorporation, consolidation, annexation, detachment, dissolution, or township  
148.8 organization is after June 30 of the year preceding the aid distribution year, such change in  
148.9 boundaries or form of government shall not be recognized for aid determinations until  
148.10 the following year.

148.11 (c) Changes in boundaries or form of government will only be recognized for the  
148.12 purposes of this subdivision, to the extent that: (1) changes in market values are included  
148.13 in market values reported by assessors to the commissioner, and changes in population,  
148.14 and household size, ~~and the road accidents factor~~ are included in their respective  
148.15 certifications to the commissioner as referenced in section 477A.011, or (2) an annexation  
148.16 information report as provided in paragraph (d) is received by the commissioner on  
148.17 or before July 15 of the aid calculation year. Revisions to estimates or data for use in  
148.18 recognizing changes in boundaries or form of government are not effective for purposes  
148.19 of this subdivision unless received by the commissioner on or before July 15 of the aid  
148.20 calculation year. Clerical errors in the certification or use of estimates and data established  
148.21 as of July 15 in the aid calculation year are subject to correction within the time periods  
148.22 allowed under subdivision 3.

148.23 (d) In the case of an annexation, an annexation information report may be completed  
148.24 by the annexing jurisdiction and submitted to the commissioner for purposes of this  
148.25 subdivision if the net tax capacity of annexed area for the assessment year preceding the  
148.26 effective date of the annexation exceeds five percent of the city's net tax capacity for the  
148.27 same year. The form and contents of the annexation information report shall be prescribed  
148.28 by the commissioner. The commissioner shall change the net tax capacity, the population,  
148.29 the population decline, the commercial industrial percentage, and the transformed  
148.30 population for the annexing jurisdiction only if the annexation information report provides  
148.31 data the commissioner determines to be reliable for all of these factors used to compute city  
148.32 revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940  
148.33 housing percentage, ~~the road accidents factor~~, and household size only if the entire area of  
148.34 an existing city or town is annexed or consolidated and only if reliable data is available for  
148.35 all of these factors used to compute city revenue need for the annexing jurisdiction.

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

149.1 Sec. 91. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

149.2 Subd. 13. **Public defense services; correctional facility inmates.** All billings  
149.3 for services rendered and ordered under subdivision 7 shall require the approval of the  
149.4 chief district public defender before being forwarded on a monthly basis to the state  
149.5 public defender. In cases where adequate representation cannot be provided by the district  
149.6 public defender and where counsel has been appointed under a court order, the state  
149.7 public defender shall forward to the commissioner of management and budget all billings  
149.8 for services rendered under the court order. The commissioner shall pay for services  
149.9 from county program aid retained by the commissioner of revenue for that purpose under  
149.10 section ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

149.11 The costs of appointed counsel and associated services in cases arising from new  
149.12 criminal charges brought against indigent inmates who are incarcerated in a Minnesota  
149.13 state correctional facility are the responsibility of the state Board of Public Defense. In  
149.14 such cases the state public defender may follow the procedures outlined in this section for  
149.15 obtaining court-ordered counsel.

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

149.17 Sec. 92. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

149.18 Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where  
149.19 the appellate public defender's office does not have sufficient funds to pay for transcripts  
149.20 and other necessary expenses because it has spent or committed all of the transcript  
149.21 funds in its annual budget, the state public defender may forward to the commissioner  
149.22 of management and budget all billings for transcripts and other necessary expenses. The  
149.23 commissioner shall pay for these transcripts and other necessary expenses from county  
149.24 program aid retained by the commissioner of revenue for that purpose under section  
149.25 ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

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

149.27 Sec. 93. **REVISOR'S INSTRUCTION.**

149.28 The revisor of statutes shall make all necessary cross-reference changes in  
149.29 Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in  
149.30 this act. The revisor can make changes to sentence structure to preserve the meaning of  
149.31 the text. The revisor shall make other changes in chapter titles; section, subdivision, part,  
149.32 and subpart headnotes; and in other terminology necessary as a result of the enactment of  
149.33 this act. The Department of Revenue shall assist in making these corrections.

150.1       Sec. 94. **REPEALER.**

150.2           (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision  
150.3 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,  
150.4 part 8007.0200, are repealed.

150.5           (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,  
150.6 subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a,  
150.7 43, 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1;  
150.8 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173,  
150.9 subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision  
150.10 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 290C.02, subdivisions 5  
150.11 and 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9,  
150.12 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174,  
150.13 subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision  
150.14 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement,  
150.15 section 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules,  
150.16 parts 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; and  
150.17 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

150.18           (c) Minnesota Statutes 2012, section 469.1764, is repealed.

150.19           (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision  
150.20 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338;  
150.21 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013  
150.22 Supplement, section 469.340, subdivision 4, are repealed.

150.23           (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

150.24           **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
150.25 December 31, 2013.

150.26           Paragraph (b) is effective the day following final enactment.

150.27           Paragraph (c) is effective the day following final enactment and any remaining  
150.28 unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764,  
150.29 must be distributed as excess increments to the city, county, and school district under  
150.30 Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before  
150.31 December 31, 2014.

150.32           Paragraph (d) is effective the day following final enactment.

150.33           Paragraph (e) is effective for taxable years beginning after December 31, 2013.

151.1 **ARTICLE 9**151.2 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY**  
151.3 **PROPERTY TAX PROVISIONS**

151.4 Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

151.5 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

151.6 After making an annual determination of the equalized fair market value of the  
151.7 operating property of each company in each of the respective counties, and in the taxing  
151.8 districts therein, the commissioner shall certify the equalized fair market value to the  
151.9 county assessor on or before June 30. The equalized fair market value of the operating  
151.10 property of the railroad company in the county and the taxing districts therein is the value  
151.11 on which taxes must be levied and collected in the same manner as on the commercial and  
151.12 industrial property of such county and the taxing districts therein. If the commissioner  
151.13 determines that the equalized fair market value certified on or before June 30 is in error,  
151.14 the commissioner may issue a corrected certification on or before August 31. The  
151.15 commissioner may correct errors that are merely clerical in nature until December 31.

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

151.17 Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

151.18 Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that  
151.19 the amount of production tax has been erroneously calculated, the commissioner may  
151.20 correct the error. The commissioner must notify the owner of the wind energy conversion  
151.21 system of the correction and the amount of tax due to each county and must certify the  
151.22 correction to the county auditor of each county in which the system is located on or before  
151.23 April 1 of the current year. The commissioner may correct errors that are merely clerical  
151.24 in nature until December 31.

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

151.26 Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

151.27 **273.01 LISTING AND ASSESSMENT, TIME.**

151.28 All real property subject to taxation shall be listed and at least one-fifth of the parcels  
151.29 listed shall be appraised each year with reference to their value on January 2 preceding the  
151.30 assessment so that each parcel shall be reappraised at maximum intervals of five years. All  
151.31 real property becoming taxable in any year shall be listed with reference to its value on  
151.32 January 2 of that year. Except as provided in this section and section 274.01, subdivision

152.1 1, all real property assessments shall be completed two weeks prior to the date scheduled  
152.2 for the local board of review or equalization. No changes in valuation or classification  
152.3 which are intended to correct errors in judgment by the county assessor may be made by  
152.4 the county assessor after the board of review or the county board of equalization has  
152.5 adjourned; however, corrections of errors for real or personal property that are merely  
152.6 clerical in nature or changes that extend homestead treatment to property are permitted  
152.7 after adjournment until the tax extension date for that assessment year. Any changes made  
152.8 by the assessor after adjournment must be fully documented and maintained in a file in the  
152.9 assessor's office and shall be available for review by any person. A copy of any changes  
152.10 made during this period shall be sent to the county board no later than December 31 of  
152.11 the assessment year. In the event a valuation and classification is not placed on any real  
152.12 property by the dates scheduled for the local board of review or equalization the valuation  
152.13 and classification determined in the preceding assessment shall be continued in effect and  
152.14 the provisions of section 273.13 shall, in such case, not be applicable, except with respect  
152.15 to real estate which has been constructed since the previous assessment. Real property  
152.16 containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by  
152.17 the state after January 2 in any year, be subject to assessment for that year on the value of  
152.18 any iron ore removed under said lease prior to January 2 of the following year. Personal  
152.19 property subject to taxation shall be listed and assessed annually with reference to its value  
152.20 on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

152.22 Sec. 4. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is  
152.23 amended to read:

152.24 Subdivision 1. **Computation.** The Department of Revenue must annually conduct  
152.25 an assessment/sales ratio study of the taxable property in each county, city, town, and  
152.26 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the  
152.27 results of this assessment/sales ratio study, the Department of Revenue must determine  
152.28 an equalized net tax capacity for the various classes of taxable property in each taxing  
152.29 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted  
152.30 net tax capacity must be reduced by the captured tax capacity of tax increment districts  
152.31 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under  
152.32 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be  
152.33 subtracted from the local tax base under section 273.425; and increased by fiscal disparities  
152.34 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax  
152.35 capacities shall be determined using the net tax capacity percentages in effect for the

153.1 assessment year following the assessment year of the study. The Department of Revenue  
153.2 must make whatever estimates are necessary to account for changes in the classification  
153.3 system. The Department of Revenue may incur the expense necessary to make the  
153.4 determinations. The commissioner of revenue may reimburse any county or governmental  
153.5 official for requested services performed in ascertaining the adjusted net tax capacity. On  
153.6 or before March 15 annually, the Department of Revenue shall file with the chair of the  
153.7 Tax Committee of the house of representatives and the chair of the Committee on Taxes  
153.8 and Tax laws of the senate a report of adjusted net tax capacities for school districts.  
153.9 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report  
153.10 on the adjusted net tax capacities for school districts established by the previous year's  
153.11 assessments and the current year's net tax capacity percentages with the commissioner of  
153.12 education and each county auditor for those school districts for which the auditor has the  
153.13 responsibility for determination of local tax rates. A copy of the report so filed shall be  
153.14 mailed to the clerk of each school district involved and to the county assessor or supervisor  
153.15 of assessments of the county or counties in which each school district is located.

153.16 **EFFECTIVE DATE.** This section is effective January 1, 2014.

153.17 Sec. 5. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

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

154.1 1 is in error, the commissioner may issue a corrected certification on or before October 1.  
154.2 The commissioner may correct errors that are merely clerical in nature until December 31.

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

154.4 Sec. 6. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

154.5 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less  
154.6 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,  
154.7 and distribution lines, and equipment attached thereto, having a fixed situs outside the  
154.8 corporate limits of cities except distribution lines taxed as provided in sections 273.40  
154.9 and 273.41, shall be listed with and assessed by the commissioner of revenue in the  
154.10 county where situated and the values provided to the city or county assessor by order.  
154.11 The commissioner shall assess such property at the percentage of market value fixed by  
154.12 law; and, on or before August 1, shall certify to the auditor of each county in which  
154.13 such property is located the amount of the assessment made against each company and  
154.14 person owning such property. If the commissioner determines that the amount of the  
154.15 assessment certified on or before August 1 is in error, the commissioner may issue a  
154.16 corrected certification on or before October 1. The commissioner may correct errors that  
154.17 are merely clerical in nature until December 31.

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

154.19 Sec. 7. Minnesota Statutes 2012, section 273.3711, is amended to read:

154.20 **273.3711 RECOMMENDED AND ORDERED VALUES.**

154.21 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372,  
154.22 all values not required to be listed and assessed by the commissioner of revenue are  
154.23 recommended values. If the commissioner provides recommended values, the values must  
154.24 be certified to the auditor of each county in which the property is located on or before  
154.25 August 1. If the commissioner determines that the certified recommended value is in  
154.26 error the commissioner may issue a corrected certification on or before October 1. The  
154.27 commissioner may correct errors that are merely clerical in nature until December 31.

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

154.29 Sec. 8. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

154.30 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town  
154.31 board of a town, or the council or other governing body of a city, is the board of appeal

155.1 and equalization except (1) in cities whose charters provide for a board of equalization or  
155.2 (2) in any city or town that has transferred its local board of review power and duties to  
155.3 the county board as provided in subdivision 3. The county assessor shall fix a day and  
155.4 time when the board or the board of equalization shall meet in the assessment districts  
155.5 of the county. Notwithstanding any law or city charter to the contrary, a city board of  
155.6 equalization shall be referred to as a board of appeal and equalization. On or before  
155.7 February 15 of each year the assessor shall give written notice of the time to the city or  
155.8 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings  
155.9 must be held between April 1 and May 31 each year. The clerk shall give published and  
155.10 posted notice of the meeting at least ten days before the date of the meeting.

155.11 The board shall meet either at a central location within the county or at the office of  
155.12 the clerk to review the assessment and classification of property in the town or city. No  
155.13 changes in valuation or classification which are intended to correct errors in judgment by  
155.14 the county assessor may be made by the county assessor after the board has adjourned  
155.15 in those cities or towns that hold a local board of review; however, corrections of errors  
155.16 that are merely clerical in nature or changes that extend homestead treatment to property  
155.17 are permitted after adjournment until the tax extension date for that assessment year. The  
155.18 changes must be fully documented and maintained in the assessor's office and must be  
155.19 available for review by any person. A copy of the changes made during this period in  
155.20 those cities or towns that hold a local board of review must be sent to the county board no  
155.21 later than December 31 of the assessment year.

155.22 (b) The board shall determine whether the taxable property in the town or city has  
155.23 been properly placed on the list and properly valued by the assessor. If real or personal  
155.24 property has been omitted, the board shall place it on the list with its market value, and  
155.25 correct the assessment so that each tract or lot of real property, and each article, parcel,  
155.26 or class of personal property, is entered on the assessment list at its market value. No  
155.27 assessment of the property of any person may be raised unless the person has been  
155.28 duly notified of the intent of the board to do so. On application of any person feeling  
155.29 aggrieved, the board shall review the assessment or classification, or both, and correct  
155.30 it as appears just. The board may not make an individual market value adjustment or  
155.31 classification change that would benefit the property if the owner or other person having  
155.32 control over the property has refused the assessor access to inspect the property and the  
155.33 interior of any buildings or structures as provided in section 273.20. A board member  
155.34 shall not participate in any actions of the board which result in market value adjustments  
155.35 or classification changes to property owned by the board member, the spouse, parent,  
155.36 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,

156.1 or niece of a board member, or property in which a board member has a financial interest.  
156.2 The relationship may be by blood or marriage.

156.3 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
156.4 reductions must not reduce the aggregate assessment made by the county assessor by more  
156.5 than one percent. If the total reductions would lower the aggregate assessments made by  
156.6 the county assessor by more than one percent, none of the adjustments may be made. The  
156.7 assessor shall correct any clerical errors or double assessments discovered by the board  
156.8 without regard to the one percent limitation.

156.9 (d) A local board does not have authority to grant an exemption or to order property  
156.10 removed from the tax rolls.

156.11 (e) A majority of the members may act at the meeting, and adjourn from day to day  
156.12 until they finish hearing the cases presented. The assessor shall attend, with the assessment  
156.13 books and papers, and take part in the proceedings, but must not vote. The county assessor,  
156.14 or an assistant delegated by the county assessor shall attend the meetings. The board shall  
156.15 list separately, on a form appended to the assessment book, all omitted property added  
156.16 to the list by the board and all items of property increased or decreased, with the market  
156.17 value of each item of property, added or changed by the board, placed opposite the item.  
156.18 The county assessor shall enter all changes made by the board in the assessment book.

156.19 (f) Except as provided in subdivision 3, if a person fails to appear in person, by  
156.20 counsel, or by written communication before the board after being duly notified of the  
156.21 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an  
156.22 assessment or classification fails to apply for a review of the assessment or classification,  
156.23 the person may not appear before the county board of appeal and equalization for a review  
156.24 of the assessment or classification. This paragraph does not apply if an assessment was  
156.25 made after the local board meeting, as provided in section 273.01, or if the person can  
156.26 establish not having received notice of market value at least five days before the local  
156.27 board meeting.

156.28 (g) The local board must complete its work and adjourn within 20 days from the  
156.29 time of convening stated in the notice of the clerk, unless a longer period is approved by  
156.30 the commissioner of revenue. No action taken after that date is valid. All complaints  
156.31 about an assessment or classification made after the meeting of the board must be heard  
156.32 and determined by the county board of equalization. A nonresident may, at any time,  
156.33 before the meeting of the board file written objections to an assessment or classification  
156.34 with the county assessor. The objections must be presented to the board at its meeting by  
156.35 the county assessor for its consideration.

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

157.1 Sec. 9. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

157.2 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that  
157.3 conducts local boards of appeal and equalization meetings must provide proof to the  
157.4 county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it  
157.5 is in compliance with the requirements of subdivision 2. Beginning in ~~2006~~ 2015, this  
157.6 notice must also verify that there was a quorum of voting members at each meeting of the  
157.7 board of appeal and equalization in the current year. A city or town that does not comply  
157.8 with these requirements is deemed to have transferred its board of appeal and equalization  
157.9 powers to the county beginning with the following year's assessment and continuing  
157.10 unless the powers are reinstated under paragraph (c).

157.11 (b) The county shall notify the taxpayers when the board of appeal and equalization  
157.12 for a city or town has been transferred to the county under this subdivision and, prior to  
157.13 the meeting time of the county board of equalization, the county shall make available to  
157.14 those taxpayers a procedure for a review of the assessments, including, but not limited to,  
157.15 open book meetings. This alternate review process shall take place in April and May.

157.16 (c) A local board whose powers are transferred to the county under this subdivision  
157.17 may be reinstated by resolution of the governing body of the city or town and upon proof  
157.18 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
157.19 provided to the county assessor by ~~December 1~~ February 15 in order to be effective for  
157.20 the following year's assessment.

157.21 (d) A local board whose powers are transferred to the county under this subdivision  
157.22 may continue to employ a local assessor and is not deemed to have transferred its powers  
157.23 to make assessments.

157.24 **EFFECTIVE DATE.** This section is effective beginning with local boards of appeal  
157.25 and equalization meetings held after December 31, 2014.

157.26 Sec. 10. Minnesota Statutes 2013 Supplement, section 290C.03, is amended to read:

157.27 **290C.03 ELIGIBILITY REQUIREMENTS.**

157.28 (a) Land may be enrolled in the sustainable forest incentive program under this  
157.29 chapter if all of the following conditions are met:

157.30 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the  
157.31 land must meet the definition of forest land in section 88.01, subdivision 7, during the  
157.32 enrollment;

157.33 (2) a forest management plan for the land must be prepared by an approved plan  
157.34 writer and implemented during the period in which the land is enrolled;

158.1 (3) timber harvesting and forest management guidelines must be used in conjunction  
158.2 with any timber harvesting or forest management activities conducted on the land during  
158.3 the period in which the land is enrolled;

158.4 (4) the land must be enrolled for a minimum of eight years;

158.5 (5) there are no delinquent property taxes on the land; ~~and~~

158.6 (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive  
158.7 program must allow year-round, nonmotorized access to fish and wildlife resources and  
158.8 motorized access on established and maintained roads and trails, unless the road or trail is  
158.9 temporarily closed for safety, natural resource, or road damage reasons on enrolled land  
158.10 except within one-fourth mile of a permanent dwelling or during periods of high fire  
158.11 hazard as determined by the commissioner of natural resources; and

158.12 (7) the land is not classified as class 2c managed forest land.

158.13 (b) Claimants required to allow access under paragraph (a), clause (6), do not by  
158.14 that action:

158.15 (1) extend any assurance that the land is safe for any purpose;

158.16 (2) confer upon the person the legal status of an invitee or licensee to whom a duty  
158.17 of care is owed; or

158.18 (3) assume responsibility for or incur liability for any injury to the person or property  
158.19 caused by an act or omission of the person.

158.20 **EFFECTIVE DATE.** This section is effective for certifications and applications  
158.21 due in 2014 and thereafter.

158.22 Sec. 11. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is  
158.23 amended to read:

158.24 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
158.25 difference between \$5,720,000 and the current year amortization aid distributed under  
158.26 subdivision 1 that is not distributed for any reason to a municipality must be distributed  
158.27 by the commissioner of revenue according to this paragraph. The commissioner shall  
158.28 distribute 50 percent of the amounts derived under this paragraph to the Teachers  
158.29 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,  
158.30 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded  
158.31 actuarial accrued liabilities of the respective funds. These payments must be made on July  
158.32 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth  
158.33 Teachers Retirement Fund Association becomes fully funded, the association's eligibility  
158.34 for its portion of this aid ceases. Amounts remaining in the undistributed balance account  
158.35 at the end of the biennium if aid eligibility ceases cancel to the general fund.

159.1 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
 159.2 Independent School District No. 625, St. Paul, must make an additional contribution of  
 159.3 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

159.4 (c) Thirty percent of the difference between \$5,720,000 and the current year  
 159.5 amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a  
 159.6 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as  
 159.7 additional funding to support a minimum fire state aid amount for volunteer firefighter  
 159.8 relief associations.

159.9 **EFFECTIVE DATE.** This section is effective retroactively from June 1, 2013.

159.10 Sec. 12. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is  
 159.11 amended to read:

159.12 Subdivision 1. **Types of land; payments.** The following amounts are annually  
 159.13 appropriated to the commissioner of natural resources from the general fund for transfer  
 159.14 to the commissioner of revenue. The commissioner of revenue shall pay the transferred  
 159.15 funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the  
 159.16 acreage as of July 1 of each year prior to the payment year, are:

159.17 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land  
 159.18 or, at the county's option three-fourths of one percent of the appraised value of all acquired  
 159.19 natural resources land in the county, whichever is greater;

159.20 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at  
 159.21 the county's option, three-fourths of one percent of the appraised value of all transportation  
 159.22 wetland in the county, whichever is greater;

159.23 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,  
 159.24 at the county's option, three-fourths of one percent of the appraised value of all wildlife  
 159.25 management land in the county, whichever is greater;

159.26 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by  
 159.27 the number of acres of military refuge land in the county;

159.28 (5) \$1.50, multiplied by the number of acres of county-administered other natural  
 159.29 resources land in the county;

159.30 (6) \$5.133, multiplied by the total number of acres of land utilization project land  
 159.31 in the county;

159.32 (7) \$1.50, multiplied by the number of acres of commissioner-administered other  
 159.33 natural resources land in the county; and

159.34 (8) without regard to acreage, \$300,000 for local assessments under section 84A.55,  
 159.35 subdivision 9.

160.1 **EFFECTIVE DATE.** This section is effective July 1, 2014.

160.2 Sec. 13. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is  
160.3 amended to read:

160.4 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,  
160.5 40 percent of the total payment to the county shall be deposited in the county general  
160.6 revenue fund to be used to provide property tax levy reduction. The remainder shall be  
160.7 distributed by the county in the following priority:

160.8 (a) (1) 64.2 cents, for each acre of county-administered other natural resources land  
160.9 shall be deposited in a resource development fund to be created within the county treasury  
160.10 for use in resource development, forest management, game and fish habitat improvement,  
160.11 and recreational development and maintenance of county-administered other natural  
160.12 resources land. Any county receiving less than \$5,000 annually for the resource  
160.13 development fund may elect to deposit that amount in the county general revenue fund;

160.14 ~~(b) from the funds remaining, (2)~~ within 30 days of receipt of the payment to  
160.15 the county, the county treasurer shall pay ~~each organized township ten percent of the~~  
160.16 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,  
160.17 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county  
160.18 received for such land within that township. Payments for natural resources lands not  
160.19 located in an organized township shall be deposited in the county general revenue fund.  
160.20 Payments to counties and townships pursuant to this paragraph shall be used to provide  
160.21 property tax levy reduction, except that of the payments for natural resources lands not  
160.22 located in an organized township, the county may allocate the amount determined to be  
160.23 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~  
160.24 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~  
160.25 ~~distribution provided for in this clause, the amount available shall be distributed to each~~  
160.26 ~~township and the county general revenue fund on a pro rata basis; and~~

160.27 (e) (3) any remaining funds shall be deposited in the county general revenue fund.  
160.28 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the  
160.29 excess shall be used to provide property tax levy reduction.

160.30 **EFFECTIVE DATE.** This section is effective July 1, 2014.

160.31 Sec. 14. **REVISOR'S INSTRUCTION.**

160.32 The revisor of statutes shall change the terms "class rate" or "class rates" to  
160.33 "classification rate" or "classification rates" or similar terms wherever they appear in  
160.34 Minnesota Statutes when the terms are being used to refer to the calculation of net tax

161.1 capacity in the property tax system. The revisor can make changes to sentence structure  
161.2 to preserve the meaning of the text. The revisor shall make other changes in section and  
161.3 subdivision headnotes and in other terminology as necessary as a result of the enactment  
161.4 of this section. The Department of Revenue shall assist in making these corrections.

161.5 Sec. 15. **REPEALER.**

161.6 Minnesota Statutes 2012, sections 273.13, subdivision 21a; 290C.02, subdivisions 5  
161.7 and 9; and 290C.06, are repealed.

161.8 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
161.9 except that section 273.13, subdivision 21a, is repealed effective beginning with  
161.10 assessment year 2014.

## 161.11 **ARTICLE 10**

### 161.12 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY INCOME AND** 161.13 **FRANCHISE, SALES AND USE, AND MISCELLANEOUS TAX PROVISIONS**

161.14 Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

161.15 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or  
161.16 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax  
161.17 charge, must be filed with the commissioner within 60 days of the date the notice was  
161.18 mailed to the taxpayer's last known address, stating that a penalty has been imposed.

161.19 (b) If the commissioner issues an order denying a request for abatement of penalty,  
161.20 interest, or additional tax charge, the taxpayer may file an administrative appeal as  
161.21 provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

161.22 (c) If the commissioner does not issue an order on the abatement request within  
161.23 60 days from the date the request is received, the taxpayer may appeal to Tax Court as  
161.24 provided in section 271.06.

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

161.26 Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

161.27 Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner  
161.28 may assess liability for the taxes described in subdivision 1 against a person liable  
161.29 under this section. The assessment may be based upon information available to the  
161.30 commissioner. It must be made within the prescribed period of limitations for assessing  
161.31 the underlying tax, ~~or~~ within one year after the date of an order assessing underlying  
161.32 tax, or within one year after the date of a final administrative or judicial determination,

162.1 whichever period expires later. An order assessing personal liability under this section is  
162.2 reviewable under section 270C.35 and is appealable to Tax Court.

162.3 (b) If the time for appealing the order has expired and a payment is made by or  
162.4 collected from the person assessed on the order in excess of the amount lawfully due  
162.5 from that person of any portion of the liability shown on the order, a claim for refund  
162.6 may be made by that person within 120 days after any payment of the liability if the  
162.7 payment is within 3-1/2 years after the date the order was issued. Claims for refund under  
162.8 this paragraph are limited to the amount paid during the 120-day period. Any amounts  
162.9 collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid  
162.10 balance of the assessment that is the subject of the claim shall be returned if the claim is  
162.11 allowed. There is no claim for refund available under this paragraph if the assessment has  
162.12 previously been the subject of an administrative or Tax Court appeal, or a denied claim  
162.13 for refund. The taxpayer may contest denial of the refund as provided in the procedures  
162.14 governing claims for refunds under section 289A.50, subdivision 7.

162.15 (c) If a person has been assessed under this section for an amount for a given period  
162.16 and the time for appeal has expired, regardless of whether an action contesting denial of a  
162.17 claim for refund has been filed under paragraph (b), or there has been a final determination  
162.18 that the person is liable, collection action is not stayed pursuant to section 270C.33,  
162.19 subdivision 5, for that assessment or for subsequent assessments of additional amounts for  
162.20 the same person for the same period and tax type.

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

162.22 Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

162.23 Subd. 2. **Withholding returns, entertainer withholding returns, returns for**  
162.24 **withholding from payments to out-of-state contractors, and withholding returns**  
162.25 **from partnerships and S corporations.** (a) ~~Withholding returns for the first, second,~~  
162.26 ~~and third quarters~~ are due on or before the last day of the month following the close of  
162.27 the quarterly period. However, if the return shows timely deposits in full payment of  
162.28 the taxes due for that period, the returns ~~for the first, second, and third quarters~~ may be  
162.29 filed on or before the tenth day of the second calendar month following the period. ~~The~~  
162.30 ~~return for the fourth quarter must be filed on or before the 28th day of the second calendar~~  
162.31 ~~month following the period.~~ An employer, in preparing a quarterly return, may take credit  
162.32 for deposits previously made for that quarter. Entertainer withholding tax returns are  
162.33 due within 30 days after each performance. Returns for withholding from payments to  
162.34 out-of-state contractors are due within 30 days after the payment to the contractor. Returns  
162.35 for withholding by partnerships are due on or before the due date specified for filing

163.1 partnership returns. Returns for withholding by S corporations are due on or before the  
163.2 due date specified for filing corporate franchise tax returns.

163.3 (b) A seasonal employer who provides notice in the form and manner prescribed  
163.4 by the commissioner before the end of the calendar quarter is not required to file a  
163.5 withholding tax return for periods of anticipated inactivity unless the employer pays wages  
163.6 during the period from which tax is withheld. For purposes of this paragraph, a seasonal  
163.7 employer is an employer that regularly, in the same one or more quarterly periods of each  
163.8 calendar year, pays no wages to employees.

163.9 **EFFECTIVE DATE.** (a) The amendments in paragraph (a) are effective for returns  
163.10 due after January 1, 2016.

163.11 (b) The amendment adding paragraph (b) is effective for wages paid after December  
163.12 31, 2015.

163.13 Sec. 4. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is  
163.14 amended to read:

163.15 Subd. 5. **Determination of sales factor.** For purposes of this section, the following  
163.16 rules apply in determining the sales factor.

163.17 (a) The sales factor includes all sales, gross earnings, or receipts received in the  
163.18 ordinary course of the business, except that the following types of income are not included  
163.19 in the sales factor:

163.20 (1) interest;

163.21 (2) dividends;

163.22 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

163.23 (4) sales of property used in the trade or business, except sales of leased property of  
163.24 a type which is regularly sold as well as leased; and

163.25 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
163.26 Code or sales of stock.

163.27 (b) Sales of tangible personal property are made within this state if the property is  
163.28 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~  
163.29 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination  
163.30 of the property.

163.31 (c) Tangible personal property delivered to a common or contract carrier or foreign  
163.32 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
163.33 regardless of f.o.b. point or other conditions of the sale.

163.34 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,  
163.35 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is

164.1 licensed by a state or political subdivision to resell this property only within the state of  
164.2 ultimate destination, the sale is made in that state.

164.3 (e) Sales made by or through a corporation that is qualified as a domestic  
164.4 international sales corporation under section 992 of the Internal Revenue Code are not  
164.5 considered to have been made within this state.

164.6 (f) Sales, rents, royalties, and other income in connection with real property is  
164.7 attributed to the state in which the property is located.

164.8 (g) Receipts from the lease or rental of tangible personal property, including finance  
164.9 leases and true leases, must be attributed to this state if the property is located in this  
164.10 state and to other states if the property is not located in this state. Receipts from the  
164.11 lease or rental of moving property including, but not limited to, motor vehicles, rolling  
164.12 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
164.13 factor to the extent that the property is used in this state. The extent of the use of moving  
164.14 property is determined as follows:

164.15 (1) A motor vehicle is used wholly in the state in which it is registered.

164.16 (2) The extent that rolling stock is used in this state is determined by multiplying  
164.17 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of  
164.18 which is the miles traveled within this state by the leased or rented rolling stock and the  
164.19 denominator of which is the total miles traveled by the leased or rented rolling stock.

164.20 (3) The extent that an aircraft is used in this state is determined by multiplying the  
164.21 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
164.22 the number of landings of the aircraft in this state and the denominator of which is the  
164.23 total number of landings of the aircraft.

164.24 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
164.25 the state is determined by multiplying the receipts from the lease or rental of the property  
164.26 by a fraction, the numerator of which is the number of days during the taxable year the  
164.27 property was in this state and the denominator of which is the total days in the taxable year.

164.28 (h) Royalties and other income received for the use of or for the privilege of using  
164.29 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
164.30 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
164.31 similar items, must be attributed to the state in which the property is used by the purchaser.  
164.32 If the property is used in more than one state, the royalties or other income must be  
164.33 apportioned to this state pro rata according to the portion of use in this state. If the portion  
164.34 of use in this state cannot be determined, the royalties or other income must be excluded  
164.35 from both the numerator and the denominator. Intangible property is used in this state if

165.1 the purchaser uses the intangible property or the rights therein in the regular course of its  
165.2 business operations in this state, regardless of the location of the purchaser's customers.

165.3 (i) Sales of intangible property are made within the state in which the property is  
165.4 used by the purchaser. If the property is used in more than one state, the sales must be  
165.5 apportioned to this state pro rata according to the portion of use in this state. If the  
165.6 portion of use in this state cannot be determined, the sale must be excluded from both the  
165.7 numerator and the denominator of the sales factor. Intangible property is used in this  
165.8 state if the purchaser used the intangible property in the regular course of its business  
165.9 operations in this state.

165.10 (j) Receipts from the performance of services must be attributed to the state where  
165.11 the services are received. For the purposes of this section, receipts from the performance  
165.12 of services provided to a corporation, partnership, or trust may only be attributed to a state  
165.13 where it has a fixed place of doing business. If the state where the services are received is  
165.14 not readily determinable or is a state where the corporation, partnership, or trust receiving  
165.15 the service does not have a fixed place of doing business, the services shall be deemed  
165.16 to be received at the location of the office of the customer from which the services were  
165.17 ordered in the regular course of the customer's trade or business. If the ordering office  
165.18 cannot be determined, the services shall be deemed to be received at the office of the  
165.19 customer to which the services are billed.

165.20 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts  
165.21 from management, distribution, or administrative services performed by a corporation  
165.22 or trust for a fund of a corporation or trust regulated under United States Code, title 15,  
165.23 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of  
165.24 the fund resides. Under this paragraph, receipts for services attributed to shareholders are  
165.25 determined on the basis of the ratio of: (1) the average of the outstanding shares in the  
165.26 fund owned by shareholders residing within Minnesota at the beginning and end of each  
165.27 year; and (2) the average of the total number of outstanding shares in the fund at the  
165.28 beginning and end of each year. Residence of the shareholder, in the case of an individual,  
165.29 is determined by the mailing address furnished by the shareholder to the fund. Residence  
165.30 of the shareholder, when the shares are held by an insurance company as a depositor for  
165.31 the insurance company policyholders, is the mailing address of the policyholders. In  
165.32 the case of an insurance company holding the shares as a depositor for the insurance  
165.33 company policyholders, if the mailing address of the policyholders cannot be determined  
165.34 by the taxpayer, the receipts must be excluded from both the numerator and denominator.  
165.35 Residence of other shareholders is the mailing address of the shareholder.

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

166.1 Sec. 5. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

166.2 Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye  
166.3 has been added, either before or upon withdrawal at a terminal or refinery rack, and which  
166.4 may be sold for exempt purposes. The dye may be either dye required to be added per the  
166.5 EPA or dye that meets other specifications required by the Internal Revenue Service or  
166.6 the commissioner.

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

166.8 Sec. 6. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is  
166.9 amended to read:

166.10 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on  
166.11 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless  
166.12 telecommunications access Minnesota fee imposed per retail transaction, divide the fees  
166.13 collected in corresponding proportions. Within 30 days of receipt of the collected fees,  
166.14 the commissioner shall:

166.15 (1) deposit the proportion of the collected fees attributable to the prepaid wireless  
166.16 E911 fee in the 911 emergency telecommunications service account in the special revenue  
166.17 fund; and

166.18 (2) deposit the proportion of collected fees attributable to the prepaid wireless  
166.19 telecommunications access Minnesota fee in the telecommunications access fund  
166.20 established in section 237.52, subdivision 1.

166.21 (b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a  
166.22 special revenue account an amount, not to exceed two percent of collected fees;. Money  
166.23 in the account is annually appropriated to the commissioner of revenue to reimburse its  
166.24 direct costs of administering the collection and remittance of prepaid wireless E911 fees  
166.25 and prepaid wireless telecommunications access Minnesota fees.

166.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

166.27 Sec. 7. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to  
166.28 read:

166.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
166.30 June 30, 2013, except for paragraph (p), which is effective the day following final  
166.31 enactment.

167.1            **EFFECTIVE DATE.** This section is effective retroactively from the day following  
167.2 final enactment of Laws 2013, chapter 143, article 8, section 3.

167.3            Sec. 8. **REPEALER.**

167.4            Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2,  
167.5 3, 4, and 5, are repealed.

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

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Article locations in H3167-2

|            |   |                |
|------------|---|----------------|
| ARTICLE 1  | PROPERTY TAX AIDS, CREDITS, AND REFUNDS ..... | Page.Ln 2.44   |
| ARTICLE 2  | PROPERTY TAXES .....                          | Page.Ln 11.18  |
| ARTICLE 3  | SALES, USE, AND EXCISE TAXES .....            | Page.Ln 20.2   |
| ARTICLE 4  | INCOME AND ESTATE TAXES .....                 | Page.Ln 45.1   |
| ARTICLE 5  | MINERALS TAXES .....                          | Page.Ln 58.28  |
| ARTICLE 6  | LOCAL DEVELOPMENT .....                       | Page.Ln 62.22  |
| ARTICLE 7  | MISCELLANEOUS .....                           | Page.Ln 70.21  |
| ARTICLE 8  | UNSESSION .....                               | Page.Ln 79.12  |
|            | DEPARTMENT OF REVENUE - TECHNICAL AND POLICY  |                |
| ARTICLE 9  | PROPERTY TAX PROVISIONS .....                 | Page.Ln 151.1  |
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|            | INCOME AND FRANCHISE, SALES AND USE, AND      |                |
| ARTICLE 10 | MISCELLANEOUS TAX PROVISIONS .....            | Page.Ln 161.11 |

**16D.02 DEFINITIONS.**

Subd. 5. **Debt qualification plan.** "Debt qualification plan" means an agreement entered into between a referring agency and the commissioner that defines the terms and conditions by which the commissioner will provide collection services to the referring agency.

Subd. 8. **Enterprise.** "Enterprise" means the Minnesota collection enterprise, a separate unit established by the commissioner to carry out the provisions of this chapter.

**16D.11 COLLECTION COSTS.**

Subd. 2. **Computation.** At the time a debt is referred, the amount of collection costs is equal to 17 percent of the debt. If, after referral of a debt to a private collection agency, the debtor requests cancellation of collection costs under subdivision 3, the debt must be returned to the commissioner for resolution of the request.

**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.

**270C.53 COLLECTION; TAXPAYER INABILITY TO PAY.**

Notwithstanding any other provision of law, the commissioner may, based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The Department of Corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

**270C.991 PROPERTY TAX SYSTEM BENCHMARKS AND CRITICAL INDICATORS.**

Subd. 4. **Property tax working group.** (a) A property tax working group is established as provided in this subdivision. The goals of the working group are:

- (1) to investigate ways to simplify the property tax system and make advisory recommendations on ways to make the system more understandable;
- (2) to reexamine the property tax calendar to determine what changes could be made to shorten the two-year cycle from assessment through property tax collection; and
- (3) to determine the cost versus the benefits of the various property tax components, including property classifications, credits, aids, exclusions, exemptions, and abatements, and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

(b) The 12-member working group shall consist of the following members:

- (1) two state representatives, both appointed by the chair of the house of representatives Taxes Committee, one from the majority party and one from the largest minority party;
- (2) two senators appointed by the Subcommittee on Committees of the Senate Rules and Administration Committee, one from the majority party and one from the largest minority party;
- (3) one person appointed by the Association of Minnesota Counties;
- (4) one person appointed by the League of Minnesota Cities;
- (5) one person appointed by the Minnesota Association of Townships;
- (6) one person appointed by the Minnesota Chamber of Commerce;
- (7) one person appointed by the Minnesota Association of Assessing Officers;

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(8) two homeowners, one who is under 65 years of age, and one who is 65 years of age or older, both appointed by the commissioner of revenue; and

(9) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota Farmers Union.

The commissioner of revenue shall chair the initial meeting, and the working group shall elect a chair at that initial meeting. The working group will meet at the call of the chair. Members of the working group shall serve without compensation. The commissioner of revenue must provide administrative support to the working group. Chapter 13D does not apply to meetings of the working group. Meetings of the working group must be open to the public and the working group must provide notice of a meeting to potentially interested persons at least seven days before the meeting. A meeting of the working group occurs when a quorum is present.

(c) The working group shall make its advisory recommendations to the chairs of the house of representatives and senate Taxes Committees on or before February 1, 2013, at which time the working group shall be finished and this subdivision expires. The advisory recommendations should be reviewed by the Taxes Committees under subdivision 5.

**272.02 EXEMPT PROPERTY.**

Subdivision 1. **Exempt property described.** All property described in this section to the extent limited in this section shall be exempt from taxation.

Subd. 1a. **Limitations on exemptions.** The exemptions granted by subdivision 1 are subject to the limits contained in the other subdivisions of this section, section 272.025, and all other provisions of applicable law.

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

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

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

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

(1) be designed to utilize waste tires as a primary fuel source; and

(2) be a cogeneration electric generating facility of 15 to 25 megawatts of installed capacity.

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

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

(1) utilize a combined cycle gas turbine generator fueled by natural gas;

(2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within one mile of the facility;

(3) be located on an underground natural gas storage aquifer;

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(4) be designed as an intermediate load facility; and  
(5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

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

Subd. 53. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a 3.2 megawatt run-of-the-river hydroelectric generation facility and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

(1) utilize two turbine generators at a dam site existing on March 31, 1994;  
(2) be located on land within 1,500 feet of a 13.8 kilovolt distribution substation; and  
(3) be eligible to receive a renewable energy production incentive payment under section 216C.41.

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

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

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

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

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

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

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

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

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

(1) be designed to utilize a minimum 90 percent waste biomass as a fuel;

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- (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;
  - (3) be located within a city of the first class and have its primary location at a former garbage transfer station; and
  - (4) be designed to have capability to provide base-load energy and district heating.
- (b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2008. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

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

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

- (1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and
- (2) the generating facility is sold to a Minnesota electric utility.

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

### **272.031 ABBREVIATIONS.**

In all proceedings under chapters 270 to 284, ranges, townships, sections, or parts of a section, blocks, lots, or parcels of lots, and dollars and cents may be designated by initial letters, abbreviations, and figures; but "ditto marks" or the abbreviation "do" may be used only as to the name of the owner, addition, or subdivision.

### **273.015 TAX COMPUTED TO NEAREST EVEN-NUMBERED CENT.**

Subdivision 1. **Tax computed to nearest even-numbered cent.** All tax page items computed by the county auditor for collection by the county treasurer, shall be adjusted individually and in their aggregate to the nearest even-numbered cent. Further, all items which are certified to the county auditor for collection by the county treasurer shall be first adjusted to the nearest even-numbered cent by the governmental subdivision which submits such certifications. For the purposes of this section whole odd-numbered cents shall be adjusted to the next higher even-numbered cent.

### **273.03 REAL ESTATE; ASSESSMENT; METHOD.**

Subd. 3. **Applicability of other laws.** All laws or parts of laws, now or hereafter effective, not inconsistent with this section and sections 273.17, 275.28, and 276.01, as amended, shall continue in full force and effect.

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

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

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

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

Net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of the assessed value or the full and true value of taxable property (except any adjusted assessed value determined by the

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commissioner under section 273.1325) shall not exceed 33-1/3 percent of such limit until and unless such law or charter is amended to provide a different limit.

**273.13 CLASSIFICATION OF PROPERTY.**

Subd. 21a. **Class rate.** In this section, wherever the "class rate" of a class of property is specified without qualification as to whether it is the property's "net class rate" or its "gross class rate," the "net class rate" and "gross class rate" of that property are the same as its "class rate."

**273.1383 1997 FLOOD LOSS REPLACEMENT AID.**

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

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

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

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

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

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

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

Subd. 2. **Flood loss aid.** In 2004, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2002 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2003.

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

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

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

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

**273.1398 DISPARITY REDUCTION AID AND CREDIT.**

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

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

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

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

**273.80 DISTRESSED HOMESTEAD REINVESTMENT EXEMPTION.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**281.173 FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN ABANDONED PROPERTIES.**

Subd. 8. **Effective date.** This section shall apply only to tax judgment sales occurring on and after April 13, 1996.

**281.174 FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN VACANT PROPERTIES.**

Subd. 8. **Effective date.** This section shall apply only to tax judgment sales occurring on and after April 13, 1996.

**281.328 STATE ASSIGNMENT CERTIFICATES; VALIDATING.**

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Subdivision 1. **Validation of certificates.** Any state assignment certificate duly issued prior to January 1, 1972, for which the time for redemption expired as certified by the county auditor of the county issuing the certificate, and the person to whom the certificate was issued, or the person's heirs and assigns, paid the taxes on the real property described in the certificate since the date thereof, is hereby validated and legalized as against the objection that such certificate was not recorded in the office of the county recorder or registrar of titles within seven years from the date of the certificate, as provided by this chapter. Any such state assignment certificate may, after April 6, 1979, be recorded in the office of the proper county recorder or registrar of titles.

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

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

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

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

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

### **287.20 DEFINITIONS; DEED TAX.**

Subd. 4. **Documentary stamps.** "Documentary stamps" means all stamps issued by the county for use in payment of the taxes imposed by sections 287.21 to 287.37.

### **287.27 PRINTING AND SALE-METERS.**

Subd. 2. **Tax meter machines.** The county board may authorize any person to utilize a tax meter machine upon the filing of a corporate surety bond, in a suitable amount to guarantee the payment of the tax, such amount to be determined by the county board.

The county board may provide rules for the use of such a machine, supervise its operation and provide for the payment of the tax on any deed or document so stamped.

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

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

### **290.01 DEFINITIONS.**

Subd. 4b. **Mutual property and casualty insurance company.** "Mutual property and casualty insurance company" includes a property and casualty insurance company that was

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converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Subd. 19e. **Depreciation modifications for corporations.** In the case of corporations, a modification shall be made for the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system is the same amount as provided in section 168 of the Internal Revenue Code with the following modifications. The modifications apply to taxable years beginning after December 31, 1986, and to property for which deductions under the Tax Reform Act of 1986, Public Law 99-514, are elected or apply. The modifications in paragraphs (a) and (c) do not apply to taxable years beginning after December 31, 2000.

(a) For property placed in service after December 31, 1980, and before January 1, 1987, 40 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1985, for 15-, 18-, or 19-year real property shall not be allowed and for all other property 20 percent shall not be allowed.

(b) For property placed in service after December 31, 1987, no modification shall be made.

(c) For property placed in service after July 31, 1986, and before January 1, 1987, for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law 99-514, and for property placed in service after December 31, 1986, and before January 1, 1988, 15 percent of the allowance pursuant to section 168 of the Internal Revenue Code shall not be allowed.

(d) For property placed in service after December 31, 1980, and before January 1, 1987, for which the taxpayer elects to use the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided in section 168(e)(2) of the Internal Revenue Code, as amended through December 31, 1986, but excluding property for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law 99-514, the modifications provided in paragraph (a) do not apply.

(e) For taxable years beginning before January 1, 2001, for property subject to the modifications contained in paragraphs (a) and (c) and Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), the following modification shall be made after the entire amount of the allowable deduction has been allowed for federal tax purposes for that property under the provisions of section 168 of the Internal Revenue Code. The remaining depreciable basis in those assets for Minnesota purposes, including the amount of any basis reduction to reflect the investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, shall be a depreciation allowance computed using the straight line method over the following number of years:

- (1) three-year property, one year;
- (2) five-year and seven-year property, two years;
- (3) ten-year property, five years; and
- (4) all other property, seven years.

(f) For taxable years beginning after December 31, 2000, the amount of any remaining modification made under paragraph (a) or (c) or Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), not previously deducted under paragraph (e), including the amount of any basis reduction to reflect the federal investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, is a depreciation allowance in the first taxable year after December 31, 2000.

(g) For taxable years beginning before January 1, 2001, and for property placed in service after December 31, 1987, the remaining depreciable basis for Minnesota purposes that is attributable to the basis reduction for federal purposes to reflect the investment tax credit under sections 48(q) and 49(d) of the Internal Revenue Code, shall be allowed as a deduction in the first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code, has been allowed, except that where the straight line method provided in section 168(b)(3) is used, the deduction provided in this clause shall be allowed in the last taxable year in which an allowance for depreciation is allowed for that property.

(h) For qualified timber property for which the taxpayer made an election under section 194 of the Internal Revenue Code, the remaining depreciable basis for Minnesota purposes is allowed as a deduction in the first taxable year after the entire allowable deduction has been allowed for federal tax purposes.

(i) The basis of property to which section 168 of the Internal Revenue Code applies is its basis as provided in this chapter including the modifications provided in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c). The recapture tax

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provisions provided in sections 1245 and 1250 of the Internal Revenue Code apply but must be calculated using the basis provided in the preceding sentence.

(j) The basis of an asset acquired in an exchange of assets, including an involuntary conversion, is the same as its federal basis under the provisions of the Internal Revenue Code, except that the difference in basis due to the modifications in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), is a deduction as provided in paragraph (e).

#### **Subd. 20e. Modification in computing taxable income of the estate of a decedent.**

Amounts allowable under section 2053 or 2054 of the Internal Revenue Code of 1954 in computing federal estate tax liability shall not be allowed as a deduction (or as an offset against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless an election is made for federal income tax purposes under section 642(g) of the Internal Revenue Code of 1954. The election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 is binding for Minnesota tax purposes.

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

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

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

### **290.0674 MINNESOTA EDUCATION CREDIT.**

**Subd. 3. Reduction by alternative minimum tax liability.** The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

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

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

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

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

### **290.33 TAXABLE YEAR EXTENDING INTO CALENDAR YEARS AFFECTED BY DIFFERENT LAWS.**

The tax imposed on a taxpayer for a period beginning in one calendar year, hereinafter called "first calendar year," and ending in the following calendar year, hereinafter called "second calendar year," when the law applicable to the first calendar year is different from the law applicable to the second calendar year, shall be the sum of (1) that proportion of a tax for the entire period, computed under the law applicable to the first calendar year, which the portion of such period falling within the first calendar year is of the entire period, and (2) that proportion of a tax for the entire period, computed under the law applicable to the second calendar year, which the portion of such period falling within the second calendar year is of the entire period.

### **290C.02 DEFINITIONS.**

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Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

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

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

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

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

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

**295.52 TAXES IMPOSED.**

Subd. 7. **Tax reduction.** Notwithstanding subdivisions 1, 1a, 2, 3, and 4, the tax imposed under this section equals for calendar years 1998 to 2003, 1.5 percent of the gross revenues received on or after January 1, 1998, and before January 1, 2004.

**297A.666 AMNESTY FOR REGISTRATION.**

Subdivision 1. **Amnesty provisions.** Subject to the limitations of subdivision 2:

(1) this state shall provide amnesty for uncollected or unpaid sales or use tax to a seller who registers to pay or to collect and remit applicable sales or use tax on sales made to purchasers in this state in accordance with the terms of the streamlined sales and use tax agreement, provided that the seller was not so registered in this state in the 12-month period preceding the effective date of the state's participation in the agreement; and

(2) the amnesty shall preclude assessment for uncollected or unpaid sales or use tax together with penalty or interest for sales made during the period the seller was not registered in this state, provided registration occurs within 12 months of the effective date of the state's participation in the agreement.

Subd. 2. **Limitations.** (a) The amnesty is not available to a seller with respect to any matter or matters for which the seller received notice of the commencement of an audit and the audit is not yet finally resolved, including any related administrative and judicial processes.

(b) The amnesty is not available for sales or use taxes already paid or remitted to this state or to taxes collected by the seller.

(c) The amnesty is fully effective, absent the seller's fraud or intentional misrepresentation of a material fact, as long as the seller continues registration and continues payment or collection and remittance of applicable sales or use taxes for a period of at least 36 months. The statute of

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limitations provisions of chapter 289A applicable to asserting a sales or use tax liability must be tolled during this 36-month period.

(d) The amnesty is applicable only to sales or use taxes due from a seller in its capacity as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

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

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

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

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

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

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

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

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

#### **297A.71 CONSTRUCTION EXEMPTIONS.**

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

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

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

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

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

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

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calculated and paid as if the rate in section 297A.62, subdivision 1, was in effect and a refund applied for in the manner prescribed in section 297A.75.

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

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

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

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

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

Subd. 41. **Construction materials; meat processing facility.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of a meat processing facility are exempt. This facility must be constructed to replace a meat processing facility destroyed in a fire in April 2009, that employed more than 200 employees at the time of the destruction. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded after June 30, 2011, in the manner provided in section 297A.75.

### **297F.08 CIGARETTE STAMPS.**

Subd. 11. **Railroad or sleeping car company as a distributor.** The commissioner may authorize a railroad or sleeping car company licensed as a distributor to sell cigarettes on its cars without affixing stamps to the packages, provided that monthly reports and payments of the tax due subject to the discount in subdivision 7 must be made directly to the commissioner in the manner and under the terms provided for by the commissioner. Only one distributor's license need be obtained by each railroad or sleeping car company to permit it to sell cigarettes on any or all of its cars within the state.

### **297H.10 ADMINISTRATION; ENFORCEMENT; PENALTY.**

Subd. 2. **Penalty.** If the form prescribed by the commissioner of revenue for remitting the tax is the sales tax return, a penalty is imposed on a person or political subdivision who fails to separately report the amount of tax due under this chapter. The specified penalties are ten percent for the first violation and 20 percent for the second and subsequent violations. The penalty applies only to that portion of the tax that should have been reported on the separate lines for the tax due under this chapter and that was included on other lines of the sales tax return.

### **469.174 DEFINITIONS.**

Subd. 10c. **Compact development district.** "Compact development district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions are satisfied:

- (1) parcels consisting of 70 percent of the area of the district are occupied by buildings or similar structures that are classified as class 3a property under section 273.13, subdivision 24; and
- (2) the planned redevelopment or development of the district, when completed, will increase the total square footage of buildings, classified as class 3a under section 273.13, subdivision 24, occupying the district by three times or more relative to the square footage of similar buildings occupying the district when the resolution was approved.

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

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

**469.176 LIMITATIONS.**

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

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

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

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

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

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

(1) the district was decertified before the enactment of this section and all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2; or

(2) the use of increments on activities located outside of the geographic area of the district consists solely of payment of debt service on bonds under section 469.129, subdivision 2, before its repeal, and any bonds issued to refund bonds issued under that subdivision.

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

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

(1) expenditures made before the earlier of (i) notification by the state auditor or (ii) December 31, 1999; and

(2) expenditures to pay preexisting outside district obligations.

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

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

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

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

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

(b) "Preexisting outside district obligations" means:

(1) bonds secured by increments from a district subject to this section and used to finance activities outside the geographic area of the district, if the bonds were issued and the pledge of increment was made before the earlier of (i) notification by the state auditor, or (ii) April 1, 1999;

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

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(3) binding written agreements secured by the increments from the district subject to this section and used to finance activities outside the geographic area of the district, if the agreement was entered before the earlier of (i) notification by the state auditor or (ii) May 1, 1999.

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

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

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

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

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

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

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

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

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

#### **469.330 DEFINITIONS.**

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

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

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

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

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

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

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

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

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

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

(1) the numerator of the fraction is:

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

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

(2) the denominator of the fraction is two.

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

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

(1) wages or salaries paid to an individual for services performed for a qualified business in a biotechnology and health sciences industry zone; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**469.331 DEVELOPMENT PLAN.**

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

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

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

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

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

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

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

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

(7) any other information required by the commissioner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) existing resources available to the proposed zone;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**469.336 TAX INCENTIVES AVAILABLE IN ZONES.**

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

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

**469.337 CORPORATE FRANCHISE TAX EXEMPTION.**

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

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

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

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

**469.338 JOBS CREDIT.**

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

The credit equals seven percent of the:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **469.340 REPAYMENT OF TAX BENEFITS.**

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

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

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

- (b) "Business" means any person who received tax benefits enumerated in section 469.336.
- (c) "Commissioner" means the commissioner of revenue.

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

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after ceasing to do business in the zone. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.336.

(b) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(c) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraph (a). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40. The additional tax shall bear interest from 30 days after ceasing to do business in the biotechnology and health sciences industry zone until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

(d) If a property tax is not repaid under paragraph (b), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the treasurer discovers that the business ceased to operate in the biotechnology and health sciences industry zone.

(e) For determining the tax required to be repaid, a tax reduction is deemed to have been received on the date that the tax would have been due if the taxpayer had not been entitled to the exemption, or on the date a refund was issued for a refundable credit.

(f) The commissioner may assess the repayment of taxes under paragraph (c) any time within two years after the business ceases to operate in the biotechnology and health sciences industry zone, or within any period of limitations for the assessment of tax under section 289A.38, whichever period is later.

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

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

#### **469.341 ZONE PERFORMANCE; REMEDIES.**

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

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

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

Subd. 3. **Remedies.** If the commissioner determines, based on a report filed under subdivision 1 or other available information, that a zone or subzone is failing to meet its performance goals, the commissioner may take any actions the commissioner determines

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appropriate, including modification of the boundaries of the zone or a subzone or termination of the zone or a subzone. Before taking any action, the commissioner shall consult with the applicant and the affected local government units, including notifying them of the proposed actions to be taken. The commissioner shall publish any order modifying a zone in the State Register and on the Internet. The applicant may appeal the commissioner's order under the contested case procedures of chapter 14.

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

(1) the property tax on improvements constructed before the first January 2 following publication of the commissioner's order;

(2) sales tax on purchases made before the first day of the next calendar month beginning at least 30 days after publication of the commissioner's order; and

(3) individual income tax or corporate franchise tax attributable to a facility that was in operation before the publication of the commissioner's order.

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

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

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

(1) the amount of county attached machinery aid computed for the county for payment in 2003 under section 273.138 prior to any reduction under laws enacted in 2003;

(2) the amount of county homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.1398, subdivision 2, prior to any reduction under laws enacted in 2003, minus the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties in Judicial Districts One, Three, Six, and Ten, and by 25 percent of the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties located in Judicial Districts Two and Four;

(3) the amount of county manufactured home homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.166 prior to any reduction under laws enacted in 2003;

(4) the amount of county criminal justice aid computed for the county for payment in 2003 under section 477A.0121 prior to any reduction under laws enacted in 2003; and

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

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

#### **505.173 CORRECTION OF PLATS.**

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

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to be corrected thereby, and shall be certified by the proper officers of the municipality as to authorization and by an engineer or surveyor as to correctness, and the signatures of such persons shall be acknowledged in like manner as a deed.

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

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

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

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

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

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

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

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

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

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

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

**8002.0200 MINNESOTA GROSS INCOME FOR INDIVIDUALS WHO ARE PART-YEAR RESIDENTS OR NONRESIDENTS OF MINNESOTA (FEDERAL ADJUSTED GROSS INCOME).**

Subp. 8. **Net operating loss carried back or forward.** The amount of a net operating loss that may be carried back or carried forward shall be the same dollar amount allowed in the determination of federal adjusted gross income. Adjustments must be made in the net operating loss for income and losses which are not assignable to Minnesota and for any changes in the computation of federal adjusted gross income which have not been adopted by the Minnesota Legislature in a law updating the reference to the Internal Revenue Code. A taxpayer may make an adjustment to federal adjusted gross income for the modifications that affect shareholders of a small business corporation which has made an election for federal purposes but not for Minnesota purposes as provided in Minnesota Statutes, section 290.01, subdivision 20c.

The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income subject to the following modifications:

A. Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and expenses not assignable to Minnesota incurred in the taxable year.

B. Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year and the amount of federal jobs credit or WIN credit earned in the taxable year.

C. A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in this subpart less the amount applied in the taxable year(s) as above. No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income.

**8007.0200 CHANGE IN ACCOUNTING METHODS.**

The taxpayer must secure permission from the commissioner to change the taxpayer's method of accounting or in reporting income and deductions. Such application must be filed within 90 days after the beginning of the taxable year to be covered by the return. A statement must be attached to the application setting forth in detail the variation in treatment of classes of items on the old and new basis. A change in the method of accounting or basis of reporting income and deductions means any change in the treatment of items of income and deductions such as change from cash receipts and disbursements basis to the accrual basis or vice versa; a change in the method of inventory valuations; or a change permitted by the commissioner involving any other specialized method of accounting for income and deductions.

**8100.0800 PHASE-IN.**

Subpart 1. **Phase-in of valuation changes.** Any change in valuation is phased in over three years. For assessment years 2007, 2008, and 2009, each utility property must be valued both under the valuation process of current Minnesota Rules, chapter 8100, ("current rules") and under the valuation process of Minnesota Rules 2005, chapter 8100, as amended through March 2, 2000, ("old rules"). The difference, either positive or negative, between the value derived under the current rules and the value derived under old rules is incrementally added to the value derived under the old rules as follows:

For assessment year 2007, 20 percent of the difference is added to the value derived under the old rules; this amount is the assessed value for 2007.

For assessment year 2008, 50 percent of the difference is added to the value derived under the old rules; this amount is the assessed value for 2008.

For assessment year 2009, and all subsequent assessment years, the full value derived under the current rules is the assessed value.

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Subp. 2. **Examples of phase-in valuations.** The following example illustrates a valuation when the value derived using the old rules exceeds the value derived using the current rules:

|    |   |               |
|----|---|---------------|
| 1. | Value for Assessment Year 2007            |               |
|    | Value under current rules                 | \$ 10,750,000 |
|    | Value under old rules                     | \$ 12,000,000 |
|    | Difference between old and current value  | \$ 1,250,000  |
|    | 20% of difference                         | \$ 250,000    |
|    | Assessed Value                            | \$ 11,750,000 |
| 2. | Value for Assessment year 2008            |               |
|    | Value under current rules                 | \$ 10,900,000 |
|    | Value under old rules                     | \$ 12,750,000 |
|    | Difference between old and current values | \$ 1,850,000  |
|    | 50% of difference                         | \$ 925,000    |
|    | Assessed Value                            | \$ 11,825,000 |
| 3. | Value for Assessment Year 2009            |               |
|    | Value under current rules                 | \$ 11,750,000 |
|    | Assessed Value                            | \$ 11,750,000 |

The following example illustrates a valuation when the value derived using the old rules is less than the value derived using the current rules:

|    |   |               |
|----|---|---------------|
| 1. | Value for Assessment Year 2007            |               |
|    | Value under current rules                 | \$ 15,000,000 |
|    | Value under old rules                     | \$ 13,500,000 |
|    | Difference between old and current values | \$ 1,500,000  |
|    | 20% of difference                         | \$ 300,000    |
|    | Assessed Value                            | \$ 13,800,000 |
| 2. | Value for Assessment Year 2008            |               |
|    | Value under current rules                 | \$ 15,250,000 |
|    | Value under old rules                     | \$ 14,250,000 |
|    | Difference between old and current values | \$ 1,000,000  |
|    | 50% of difference                         | \$ 500,000    |
|    | Assessed Value                            | \$ 14,750,000 |
| 3. | Value for Assessment Year 2009            |               |
|    | Value under current rules                 | \$ 16,600,000 |
|    | Assessed Value                            | \$ 16,600,000 |

**8130.7500 RETURNS AND RECORDS.**

Subp. 7. **Records; microfilm.** Microfilm reproductions of general books of account, such as cash books, journals, voucher registers, ledgers, etc., are not acceptable in lieu of original records. However, microfilm reproductions of supporting records of details, such as sales invoices, purchase invoices, credit memoranda, etc., may be maintained providing the following conditions are met:

- A. appropriate facilities are provided for preservation of the films for periods required;
- B. microfilm rolls are indexed, cross-referenced, labeled to show beginning and ending numbers or beginning and ending alphabetical listing of documents included, and are systematically filed;
- C. the taxpayer agrees to provide transcriptions of any information contained on microfilm which may be required for purposes of verification of tax liability; and

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D. proper facilities are provided for the ready inspection and location of the particular records including modern projectors for viewing and copying the records.

A posting reference must be on each invoice. Credit memoranda must carry a reference to the documents evidencing the original transaction. Documents necessary to support claimed exemptions from tax liability, such as bills of lading and purchase orders, must be maintained in an order by which they readily can be related to the transactions for which exemption is sought.

#### **8130.8900 FLORISTS AND NURSERIES.**

Subp. 3. **Telegraphic orders.** When florists or nurseries conduct transactions through a florist telegraphic delivery association, or otherwise by telephone, telegraph, or other means of communication with other florists or nurseries, the following rules apply in the application of the tax:

A. Where an order for flowers, wreaths, or other tangible personal property is taken from a customer by a Minnesota florist or nursery and transmitted to another florist or nursery located within or outside of Minnesota for delivery, the florist or nursery which initially takes the order from the customer is required to collect the tax.

B. Minnesota florists or nurseries who receive orders from other florists or nurseries, whether located within or outside this state, for delivery of flowers, wreaths, or other tangible personal property to locations either within or outside of Minnesota, are not required to collect the tax.

C. The sales tax does not apply to telegraph or telephone charges if such charges are separately stated from the price of the flowers or other tangible personal property ordered by the customer.

However, the tax does apply to relay or handling charges paid to the florist or nursery which sends an order whether these charges are separately stated or not.

The sales tax does not apply to transportation charges to the extent they are separately stated and the transportation occurs after the retail sale.

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The sales tax does not apply to transportation charges to the extent they are separately stated and the transportation occurs after the retail sale.

#### **8130.9500 AIRCRAFT REGISTRATION.**

Subpart 1. **In general.** Minnesota Statutes, section 297A.255, requires persons who wish to license or register an aircraft in Minnesota to furnish proof to the Minnesota Department of Transportation, Office of Aeronautics, that the Minnesota sales or use tax has been paid, or that the purchase or acquisition of the aircraft was not subject to the Minnesota sales or use tax. The seller of the aircraft may furnish proof that the Minnesota sales or use tax has been paid as the agent of the purchaser of the aircraft. This law imposes a use tax on an occasional or isolated sale of an aircraft or an interest in an aircraft by persons not in the business of selling aircraft.

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The necessary forms (form UT-1 and form ST-24) for reporting and paying the use tax or for claiming exemption are available upon request from the Minnesota Department of Revenue or the Minnesota Department of Transportation, Office of Aeronautics.

This statute does not affect the exemption provided by Minnesota Statutes, section 297A.25, subdivision 14, for purchases of airflight equipment by airline companies taxed under Minnesota Statutes, sections 270.071 to 270.079.

When the sales tax has not been paid to the dealer as set forth in subpart 2, item A, the Department of Revenue will forward a completed certificate of tax payment or exemption, form ST-24, to the Department of Transportation, Office of Aeronautics.

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The necessary forms (form UT-1 and form ST-24) for reporting and paying the use tax or for claiming exemption are available upon request from the Minnesota Department of Revenue or the Minnesota Department of Transportation, Office of Aeronautics.

This statute does not affect the exemption provided by Minnesota Statutes, section 297A.25, subdivision 14, for purchases of airflight equipment by airline companies taxed under Minnesota Statutes, sections 270.071 to 270.079.

When the sales tax has not been paid to the dealer as set forth in subpart 2, item A, the Department of Revenue will forward a completed certificate of tax payment or exemption, form ST-24, to the Department of Transportation, Office of Aeronautics.

#### **8130.9500 AIRCRAFT REGISTRATION.**

Subp. 1a. **Commercial use, defined.** "Commercial use" means any operation of an aircraft for consideration or hire, any services performed incidental to the operation of any aircraft for which a fee is charged or consideration received, the servicing, maintaining, and repairing of aircraft, or the charter of aircraft, the operation of flight or ground schools, the operation of aircraft for the application or distribution of chemicals or other substances, aerial photography and surveys, air shows or expositions, and the operation of aircraft for fishing. Commercial use is any use by a dealer other than the sale or lease of an aircraft or personal use of an aircraft.

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#### **8130.9500 AIRCRAFT REGISTRATION.**

Subp. 2. **Registration of aircraft by purchasers.** When the sales tax is paid or not paid:

A. **Minnesota sales tax paid to dealer.** When a purchaser pays the Minnesota sales tax for the purchase of an aircraft or an interest in an aircraft to a Minnesota aircraft dealer who holds a Minnesota sales and use tax permit, the dealer shall furnish the purchaser with a statement showing that the sales tax has been paid. The aircraft dealer must report and pay the sales tax to the Minnesota Department of Revenue. If a dealer licensed by the Office of Aeronautics states to the Office of Aeronautics that sales tax was collected, it is not necessary for the purchaser of the aircraft to obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. The purchaser or the purchaser's agent, for example the licensed dealer, should present the statement, which the purchaser or purchaser's agent received from the aircraft dealer, directly to the Department of Transportation, Office of Aeronautics, in order to license or register the aircraft.

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B. No Minnesota sales tax paid to seller. When the purchaser does not pay a Minnesota sales tax to the seller on the purchase of an aircraft or an interest in an aircraft, the purchaser must obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. If a use tax is due, the purchaser must complete a consumer's use tax return, form UT-1, and file it along with the purchaser's tax payment when applying for the certificate form ST-24. If the purchaser claims exemption from the tax, the purchaser must furnish proof showing that the purchaser is entitled to the exemption when applying for the certificate. Illustrative exemptions include purchases by organizations that are organized and operated exclusively for charitable, religious, or educational purposes; purchases of aircraft outside Minnesota by a nonresident and later brought into Minnesota for use; and aircraft purchased for resale or lease.

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A. Minnesota sales tax paid to dealer. When a purchaser pays the Minnesota sales tax for the purchase of an aircraft or an interest in an aircraft to a Minnesota aircraft dealer who holds a Minnesota sales and use tax permit, the dealer shall furnish the purchaser with a statement showing that the sales tax has been paid. The aircraft dealer must report and pay the sales tax to the Minnesota Department of Revenue. If a dealer licensed by the Office of Aeronautics states to the Office of Aeronautics that sales tax was collected, it is not necessary for the purchaser of the aircraft to obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. The purchaser or the purchaser's agent, for example the licensed dealer, should present the statement, which the purchaser or purchaser's agent received from the aircraft dealer, directly to the Department of Transportation, Office of Aeronautics, in order to license or register the aircraft.

B. No Minnesota sales tax paid to seller. When the purchaser does not pay a Minnesota sales tax to the seller on the purchase of an aircraft or an interest in an aircraft, the purchaser must obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. If a use tax is due, the purchaser must complete a consumer's use tax return, form UT-1, and file it along with the purchaser's tax payment when applying for the certificate form ST-24. If the purchaser claims exemption from the tax, the purchaser must furnish proof showing that the purchaser is entitled to the exemption when applying for the certificate. Illustrative exemptions include purchases by organizations that are organized and operated exclusively for charitable, religious, or educational purposes; purchases of aircraft outside Minnesota by a nonresident and later brought into Minnesota for use; and aircraft purchased for resale or lease.

#### **8130.9500 AIRCRAFT REGISTRATION.**

Subp. 3. **Registration of aircraft by dealers who are licensed in accordance with Minnesota Statutes, section 360.63.** When a licensed dealer purchases an aircraft for resale, no certificate of tax payment or exemption is required. When a licensed dealer puts an aircraft to commercial use, the dealer is required to pay a use tax on the dealer's purchase price of the aircraft unless the dealer makes application to the commissioner of revenue for an aircraft commercial use permit, on form ST-22, and pays a \$20 fee (see Minnesota Statutes, section 360.654). By obtaining an aircraft commercial use permit from the commissioner, a licensed dealer may purchase an aircraft for resale and put it to commercial use for up to one year without paying a sales or use tax on the dealer's purchase. While the aircraft commercial use permit is in effect, use tax is imposed on the fair market value of the commercial use. When the dealer sells the aircraft, the dealer is required to collect a sales tax. If the dealer keeps the aircraft for more than one year after purchase or makes personal use of the aircraft, a use tax is also due on the purchase price. If the sole use by the dealer of the aircraft that is exempt from use tax is leasing the aircraft while holding it for sale, sales tax is due on the taxable rent and lease payments.

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**8130.9500 AIRCRAFT REGISTRATION.**

Subp. 4. **Registration by dealers who are not licensed in accordance with Minnesota Statutes, section 360.63.** A dealer who is not licensed in accordance with Minnesota Statutes, section 360.63, is required to file form ST-24, which indicates the aircraft was purchased for resale or lease by the holder of a Minnesota sales and use tax permit. The dealer is further required to provide evidence that the dealer conducts business regularly selling or leasing aircraft. However, if the dealer purchases an aircraft or puts the aircraft to personal or commercial use, the dealer is required to file form ST-24 and form UT-1 and to pay the use tax on the purchase price.

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**8130.9500 AIRCRAFT REGISTRATION.**

Subp. 5. **Registration of aircraft by lessor or lessee.** When a lessor registers an aircraft in the lessor's name, the lessor must furnish his or her sales and use tax account number when applying for the certificate of tax payment or exemption, form ST-24, and claim exemption for resale. Leases are defined as resales. The lessor must collect and remit sales tax on lease payments the lessor receives. The lessor must report all lease payments received as gross sales and collect and remit tax on all sales, net of exempt sales. An example of an exempt sale is the lease of an aircraft to a fixed base operator who rents the aircraft to others at retail.

When a lessee registers an aircraft in the lessee's name, and the lessor does not hold a Minnesota sales and use tax permit, the lessor is required to obtain a permit. If the lessee is leasing the same aircraft to others, the lessee must also obtain a permit, file returns, and pay the sales and use tax in the same manner as all other Minnesota permit holders.

**8130.9500 AIRCRAFT REGISTRATION.**

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When a lessee registers an aircraft in the lessee's name, and the lessor does not hold a Minnesota sales and use tax permit, the lessor is required to obtain a permit. If the lessee is leasing the same aircraft to others, the lessee must also obtain a permit, file returns, and pay the sales and use tax in the same manner as all other Minnesota permit holders.